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(Hansard)**

F-35

**Journal
des débats
(Hansard)**

F-35

**Standing Committee on
Finance and Economic Affairs**

COVID-19 study

**Comité permanent
des finances
et des affaires économiques**

Étude sur la COVID-19

1st Session
42nd Parliament
Monday 22 June 2020

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Lundi 22 juin 2020

Chair: Amarjot Sandhu
Clerk: Julia Douglas

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Monday 22 June 2020

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Lundi 22 juin 2020

The committee met at 0900 in committee room 2 and by video conference.

COVID-19 STUDY

The Chair (Mr. Amarjot Sandhu): Good morning, everyone. I call this meeting to order now. We're meeting for hearings on the tourism sector as part of the study of the recommendations relating to the Economic and Fiscal Update Act, 2020, and the impacts of the COVID-19 crisis on certain sectors of the economy.

Today's proceedings will be available on the Legislative Assembly's website and television channel.

We have the following member in the room with us: MPP Stan Cho. The following members are participating remotely: MPP Stephen Crawford; MPP Hunter; MPP Mamakwa; MPP Roberts; MPP Schreiner; MPP Skelly; MPP Smith; MPP Blais; MPP Khanjin; MPP Vanthof; MPP Miller, Parry Sound–Muskoka—did I miss any?—MPP Monique Taylor as well; and MPP Miller, Hamilton East–Stoney Creek.

We're also joined by staff from legislative research, Hansard, interpretation and broadcast and recording.

To make sure that everyone can understand what is going on, it is important that all participants speak slowly and clearly. Please wait until I recognize you before starting to speak. Since it could take a little time for your audio and video to come up after I recognize you, please take a brief pause before beginning. As always, all comments by members and witnesses should go through the Chair.

Please note that this virtual meeting represents an extension of the Legislative Assembly and the same standards of decorum will apply. Are there any questions before we begin? Seeing none, for the hearings today, our presenters have been grouped in threes for each one-hour time slot. Each presenter will have seven minutes for their presentation, and after we have heard from all three presenters, the remaining 39 minutes of the time slot will be for questions from members of the committee. This time for questions will be broken down into two rotations of six minutes and 30 seconds for each of the government and the opposition, and the independent members as a group. Are there any questions?

I also see MPP Piccini. If you could please confirm your attendance.

Mr. David Piccini: Confirming my attendance in my office in Port Hope. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you.

THE ARLINGTON ESTATE

LIVE NATION CANADA

EQUAL PARTS HOSPITALITY INC.

The Chair (Mr. Amarjot Sandhu): All right. So I would now like to call upon our first witness, The Arlington Estate. If you could please confirm your name for the record, and you will have seven minutes for your presentation.

Mr. Ramy Sallal: Hi. My name is Ramy Sallal.

The Chair (Mr. Amarjot Sandhu): You may start.

Mr. Ramy Sallal: Good morning, and thank you for the opportunity to speak and help you understand how COVID has affected our industry. Given the business we operate depends on social gatherings, mainly weddings, corporate gatherings and milestone celebrations, we have come to the sad realization that we will not be able to open at limited capacity or with strict social distancing measures in place. Imagine having a wedding with no dancing, no gathering at a bar, no hugging or kissing family who came to celebrate with you, no family flying in to watch your amazing moment in your life.

We want to be socially responsible and not pressure the government to reopen until we can safely do so. Unlike a restaurant that depends on walk-in business, we are fortunate to have pre-booked events day after day for the entire year, and we can't ever think about opening with the fear of being ordered to shut down because of an infection. If we rush to open and are mandated to close, that would mean actually cancelling weddings and cancelling events for that mandated period. This would open us up to huge litigation that no one can afford or recover from and not one of our insurance companies will cover. Cancellations of events would be a complete disaster. In order to keep our staff and guests safe, our doors may need to stay closed until we can fully operate. Our business models and enormous overhead will not allow us to operate at limited capacity, but in order to stay closed, we need some financial relief.

All programs released to help small businesses have completely missed our sector. Most of our payroll expenses exceed \$1.5 million, which doesn't allow us to

get the \$40,000 loan. Most of our mortgages or rents are in excess of \$100,000 per month, which does not allow us to ask our landlords for relief as they cannot apply for the rent subsidy because of the \$50,000 gross rent limits set by the government. We cannot take advantage of the 75% wage subsidy because we are unable to reopen and rehire any staff. We have lost 100% of our business since March, with no end in sight. The BDC and the EDC loans are very difficult to qualify for since they are not 100% government-backed and have high interest rates. The banks have lumped us in with the restaurant industry, and it's seen as high-risk.

We've hoped for some relief over the last three months while burning through our cash reserve, but nothing has applied to our sector, and the burn continues. We have now cancelled events into September, which means we will lose all of our profitable operating months. Our burn rates, for an example, are in excess of \$200,000 per month to remain closed. It's absolutely not sustainable. We pay large insurance premiums, but we can't qualify for business interruption as it's only triggered by physical damage. COVID-19 is the definition of "business interruption," but there has been no physical damage to our building, so our claims got denied.

What we are asking for is simply to adjust the programs in place to get immediate relief. Raise the payroll qualification to \$3 million, raise the gross rent cap to \$200,000 per month and extend the relief for the period until we're able to open our businesses, because we'll be one of the last to open. We do not want to burden the taxpayers any more, but we do need additional relief. What we are asking for is a 100% government-backed loan with a 0% interest rate, amortized over 30 years with no personal guarantees, as they have done in the US, so we can stay closed to get through this journey and eventually open our doors to fully operate and pay back our loans.

We have a very unique position in the industry as we can all produce a calendar of event bookings and signed contracts for the next 24 months. We are all going to be in a fantastic position to pay back our loans because of those future bookings and proven business models. We are completely different from the restaurant industry, as they depend on day-to-day business, which has been considered high-risk. We are set for success and have signed contracts to depend on.

In Ontario alone, we are over 1,100 event venues. We employ over 120,000 everyday people. We host over 270,000 events per year, with over 25 million guests who attend. We have a huge supply chain that depends on our success.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Ramy Sallal: Think of the event vendor, the DJ, photo, florist, the video. There's over 7,500 of these individual businesses, which employ thousands on their own. Think of the suppliers: the butchers, the fruit and vegetable suppliers, your local farmer. They employ thousands. Think of the LCBO. We are the second-largest source of revenue for the LCBO, which totalled over \$577 million last year. Think of the tourism that is generated by our

industry, the hotels that remain full because of our industry—over 30% of our guests who attend events are from out of town—the amount of money that is spent because guests are in town for a conference, a corporate celebration, galas or weddings.

Our success in industry has an effect on families' livelihoods. We have been completely forgotten about by our government, but we are the first everyone thinks about when they need to enjoy a night out with family and friends and celebrate personal or business milestones.

We are suffering every day, financially, emotionally and personally. On top of trying to keep our businesses alive with absolutely no support, please don't forget we are, first and foremost, human beings. We have families. We are husbands or wives. We are parents. We are children of elderly parents. We are going through the same challenges that our clients are going through. We are unable to celebrate family milestones. We are unable to grieve family deaths. We are not seeing our parents or family members. Please remember we are fellow human beings. Help us get to the other side, because when that day happens, we are one of the strongest industries, have confirmed contracts—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Ramy Sallal: —on the books and are set for success. We will continue to look for ways to create even more unique memories.

Please understand we are trying to do what we love to do. Hospitality is a difficult business, with some of the longest hours you can imagine. When the rest of the world is celebrating, we're working for you. New Year's Eve, Mother's Day, Father's Day that just passed, Easter, long weekends or even a simple weekend: Most of us haven't enjoyed any of the above in over 25 years. We started very young, and hospitality is a way of life. It's in our blood. It's an appeal that is very hard to explain. We love to be part of people's lives and help create the most spectacular events. It becomes sort of an addiction that can't be broken. There's a rush like no other industry can—

The Chair (Mr. Amarjot Sandhu): Thank you. Your time has come up now.

We'll move to our next presenter, from Live Nation Canada. If you could please state your name for the record. You will have seven minutes for your presentation. Can you unmute yourself, please?

0910

Mr. Wayne Zronik: I'm unmuted. Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes, we can.

Mr. Wayne Zronik: Great. My name is Wayne Zronik. I'm from Live Nation Canada.

The Chair (Mr. Amarjot Sandhu): You may start.

Mr. Wayne Zronik: Thank you. Firstly, I want to thank the committee for taking the time to listen to how this pandemic has impacted Ontario businesses, and hope that you are keeping safe and healthy in these unprecedented times. My name is Wayne Zronik. I'm the president of business operations at Live Nation Canada.

Live Nation is the leading promoter of concerts in Canada. We produce over 4,000 shows a year across the country. We employ hundreds of full-time employees and thousands of part-time employees in our business. We promote shows in both our own and third-party venues, and we operate venues, including the Budweiser Stage and the Danforth Music Hall. We produce festivals across the country.

Through our research, we know that over 70% of Canadians feel a high emotional connection to live music and that live music experience provides fans with meaningful and enjoyable life experiences. Prior to the pandemic, over 80% of Canadians would have attended a live music event in the prior year, and 16.1 million Canadians considered themselves fans of live music events. This passion has driven our business in the experience economy across the country.

Live Nation concerts have always been a significant driver of tourism in Ontario. We know fans come from all over the province, the country and the US to attend the concerts and festivals we promote in Ontario. This drives economic activity both at the events we produce but also drives the ancillary impact fans have, ranging from hotel rooms to visiting other business establishments while in town for an event. Nationally, the live music sector contributes more than \$3.5 billion and 72,000 jobs to the Canadian economy.

The COVID-19 pandemic and resulting bans on mass gatherings have had severe consequences for our business. Live events have essentially been placed on pause, which has resulted in an almost complete shutdown of our business. We were the first to cease operations and expect that we will be among the last to be able to fully restore our operations as the economy slowly reopens. As a result, artists have not been able to earn a livelihood playing shows, venues across the province sit idle, employment in the sector is drastically reduced and ongoing costs mount, threatening the livelihood of the entire industry.

We believe our employees, artists and businesses will need financial support to weather this pause in activity. The existing support provided by governments at all levels have aided our industry, and we greatly appreciate the measures enacted to date. In the longer term, we believe additional supports will be required to ensure that our industry thrives on the other side of this pandemic.

These additional measures could include targeted rent or tax relief for music venues. Music venues currently sit idle and will not be back to full capacity operation for some time. Rent relief would be helpful to ensure a robust venue ecosystem exists in Ontario on the other side of this pandemic, providing a place for artists and fans to connect in a safe way. Tax relief and additional financial supports for the industry will also help to kick-start activity when full operations can resume, redirecting tax revenues from the sale of tickets to live events to create and enhance supports program. Whether through existing programs like the Celebrate Ontario fund or the live music stream of the Ontario Music Fund, or through the creation of new industry supports, these programs will provide for a robust

Ontario and Canadian live music business to support artists, venues and employees in the promotion of domestic talent as the industry rebounds from the COVID-19 shutdown.

While shut down, we have attempted to bring the music to fans in their homes through programs like Budweiser Stage at Home, which has featured cherished Canadian acts like Blue Rodeo and Barenaked Ladies. Audiences for these broadcasts have been excellent, and we are convinced that Ontarians' love of live music has not diminished during the pandemic, making us hopeful for our industry when we are able to safely return.

The safety of our fans, artists and employees is at the forefront of all of our planning and our top priority. We have been working hard on establishing operating protocols for post-pandemic operations when mass gatherings can be safely held. We will be prepared to open and operate our venues and events when it is safe to do so. We expect there to be significant expense for ours and similar industries as we plan for these post-pandemic operations. Programs like the Safe Restart program recently announced by the federal and provincial governments will be helpful in supporting additional expenses and capital investment that we will ultimately require to be prepared for the safe reopening of our business.

Before we get to a full reopening, we have been looking for innovative ways to bring live entertainment back to Ontarians. We hope to drive domestic tourism by producing socially distant shows in our venues, starting with drive-in, bike-in shows in Ontario Place and elsewhere in the province. We are committed to ensuring the health and well-being of our fans, employees and performers during these events, and doing our part to create new jobs and contribute to economic recovery in the process. With almost every major event cancelled across the country this year, we want to give people the live entertainment experience they sorely miss, and one that only we can deliver.

As I have said, the pandemic has presented unprecedented challenges for our business and the live entertainment industry. But I'm hopeful that working together, we can get back to a thriving live entertainment sector that provides Ontarians entertainment, drives domestic and international tourism and provides a significant contribution to the economy of our great province. Thank you again for the opportunity to present these challenges and the opportunities facing our business and industry today. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Moving along to our next presenter, from Equal Parts Hospitality Inc. If you could please state your name for the record, and you can get right into your presentation.

Mr. Jason Cassis: Hi, my name is Jason Cassis. I'm the CEO of Equal Parts Hospitality. Although we've been excited to reopen this past weekend, the hospitality industry, going forward, is going to require some significant structural changes in order to create sustainability over a couple-year period. The supports have been fantastic; don't get me wrong. Our industry is very grateful for the programs that have taken great care

of our workers while they've been laid off, kept the lights on and ultimately lessened the inevitable losses of 2020. I concur with the first presenter today, also being in the event business, that there is definitely some additional help that could go out to the event industry specifically, but let me come back to my presentation.

All of this is temporary, and the industry needs to get back on its feet without further handouts at some point. Having said that, here are a couple of ideas that might help push both short-term and long-term profitability as businesses open up, specifically restaurants, hotels and so on. As some of you have seen, we've launched an outdoor dining experiment in Hamilton by creating these beautiful outdoor dining districts. We launched on Friday, and so far, so good. We can all celebrate the fact that for the most part, these were very well attended. They're safe, beautiful places to eat and drink. They're stunning examples of what you can do in a city with incredibly little capital.

Having said that, I wanted to create the first idea here: I think when the province is looking to hand out capital or support to local cities, they actually need to be looking directly at BIAs. If you were to support a local tourism office in Hamilton, their mandate is to go out 40 kilometres, as an example, to try to get, hypothetically, someone to a Pearl Jam concert at the FirstOntario Centre. Where we really need the support is on the BIA level, by creating some of these ideas. These ideas can't be created on their own through independent businesses. It's going to take the heavy lifting of BIAs to cut through red tape in order to launch something very quickly, so I encourage everyone in the province to support and fund BIAs, because ultimately, with a very small amount of capital, these guys move mountains. That's my first idea.

My second idea to help with supporting businesses of all levels, including the first and second speaker today, would be for us to be looking at reforming the tax distribution of the LCBO. This doesn't sound like an immediate solution, but strangely enough it is. I'm going to put it in a very simple perspective I hope that everyone can wrap their head around. My mother purchased about \$150 worth of wine or spirits from the LCBO last year, by her estimation. I purchased over \$1 million, but we pay roughly the same amount of money. If I'm purchasing vodka by the skid for event spaces, golf courses and restaurants, and she's purchasing a single bottle of gin, we're roughly paying the same taxation structure.

I think it's time that we do a deep dive into the tax structure of the LCBO and the rules that govern the AGCO. Although both institutions have come miles and miles and miles from where they were at one point, I think there is a ton of room to move within those tax structures that will help to fund the hospitality industry from Live Nation to event spaces to bars, restaurants, hotels and golf courses that would have far greater tax impact on the revenues for the province—

The Chair (Mr. Amarjot Sandhu): Three minutes.
0920

Mr. Jason Cassis: And that's where I think we should go. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll start with the questions now. We'll start with the opposition this time: MPP Miller, Hamilton East–Stoney Creek.

Mr. Paul Miller: Good morning, everyone. My question is to Live Nation and Wayne. As a country, Canada, and Ontario, to a somewhat lesser degree, has done well in combatting COVID-19. Other nations have had less successful approaches. I'm thinking of the United States, primarily.

While we are slowly reopening our domestic economy, the US-Canadian border will likely remain closed to the majority of non-essential travel for much longer. This may also be the case for international travel to and from Canada. What do you believe will be the medium- to long-term impact on the live music industry if artists from the United States or elsewhere are not able to cross the border for the foreseeable future? Will the domestic music industry be enough of a draw for concertgoers to keep the industry stable, as long as the proper protocols are in place of course?

Mr. Wayne Zronik: Thank you for your question. We do, ultimately, think that international tourism is important, but we're fortunate in Canada to have a robust domestic touring business. We have a number of shows at the Budweiser Stage and in arenas across the country that are domestic and that won't need the cross-international borders. Obviously, in the short and medium term, for us, that will be our focus as the borders remain closed.

We do believe there is a robust business there. Is it at the same level that it would be when those international acts can start coming back to Canada? No, but we think that there is a sustainable business there, yes, in the short term. There are a number of acts that can fill clubs, arenas and amphitheatres. That is our hope, as we can open safely, to rely on that domestic talent, and then in the longer term when borders reopen, to get back to the business that we used to have. Does that make sense?

Mr. Paul Miller: I have a follow-up to that, Wayne. I understand what you're saying about domestic talent, but obviously the resources would run out eventually, very quickly, of local talent—

Mr. Wayne Zronik: Yes, yes.

Mr. Paul Miller: And I'm concerned about the draw. If you're bringing in big talent from Europe and the States and elsewhere, you're obviously going to have a larger venue and you're going to have more people involved. So the sustainability of your business—obviously it would take longer and need further support from federal and provincial governments to get you into a position where if things come back to normal, which could be a while, you would be able to maintain and retain the amount of people who work for you, number one, and the amount of influx of new talent that's going to attract people to continue to come to your venues. That's my concern, and I'm not quite sure how you're going to be able to address that.

Mr. Wayne Zronik: One of our objectives in the medium term is to make sure that any of those restrictions, or to the extent that there are quarantine protocols—that

we're engaged in those discussions so that we can develop safe ways for artists to cross the border without having to go into the 14-day quarantines or things like that, so ultimately, you can have those international acts come to Canada.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Wayne Zronik: Obviously a 14-day quarantine period crossing the border would be problematic for our business, so we want that to be as seamless as possible in order to make sure that those acts can come and, to your point, we can maintain the level of business that we've had historically.

Mr. Paul Miller: Thanks, Wayne.

Mr. Wayne Zronik: Thank you.

The Chair (Mr. Amarjot Sandhu): Further questions? MPP Taylor.

Miss Monique Taylor: Thank you so much, and good morning, everyone. My question is for Jason, as Jason has a local Hamilton establishment and has so many fine restaurants here in the city. I was wondering: You mentioned some tax breaks, you mentioned some reforming on how the distribution of taxes happen, but if the government would have put plans in place already to ensure that you had the rent relief, to ensure—I mean, we put out a plan called Save Main Street, which included rent relief, included your utilities, things like that. How would that have helped your businesses to ensure that you could stay viable through all of this?

Mr. Jason Cassis: Thanks for your question. Quite frankly, everything that the government has put forward specific to our industry has worked very well, from CERB supporting a laid-off employee to rent relief supporting the fact that we've got to keep our lights on even though we're not there, so to speak, to the wage abatement that's coming through. All of those pieces of the puzzle will create more solvency, not less solvency, for the hospitality industry.

When I was speaking of tax reform—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jason Cassis:—very specific things that we can do on the provincial level to redirect some of that tax revenue or lessen that burden to permit restaurants to have the same advantages that global restaurants have or that most North American restaurants have, as an example, in the purchase of alcohol. It really shouldn't be the same price if you purchase a million dollars' worth of alcohol versus on a retail level, when you go to the store to purchase alcohol.

I think some of those reforms need to be looked at. I think we need to unpack that in a whole other session, perhaps, but overall the support has been terrific.

Miss Monique Taylor: Thank you. It's great to hear that there was help for you. Did any of that help come from our provincial government or was it all federal money?

Mr. Jason Cassis: I think it was shared—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll come back to this in the second round.

We have to go the independent members for their time now. I'll start with MPP Schreiner.

Mr. Mike Schreiner: Good morning, everyone. I thank all three presenters for coming in today and taking the time.

I'm going to direct my first question to Jason. Like you, Jason, I'm a big fan of business improvement associations. You had talked about supporting them as one way of helping with recovery. Could you maybe go into a bit more detail about the kinds of supports government could provide BIAs to support the recovery?

Mr. Jason Cassis: I sure can. Thanks for the question. Let me use the example that actually just happened. We had this idea to create European-style outdoor piazzas on streetscapes. We launched them on Friday. They're very successful. They're going to expand throughout the city. For an individual business owner to approach, let's say, Guelph Tourism or Tourism Waterloo or Tourism Hamilton—their mandate is not to support what's happening directly on the streetscape. Their mandate is to try to find someone from Mississauga to come to Hamilton, 40 kilometres away, to attend a Pearl Jam concert, as an example. That is their mandate.

BIAs are neighbourhood-specific. And because these BIAs right now have all their people and no money to spend, because all the programming has been cancelled, they're just chomping at the bit to create great local ideas. Let's face it: We are all going to be tourists in our own province this year. There will be no one leaving the province. There is going to be no travel. In that case, we are our best customers. So to give Mississauga a million bucks, KW a million bucks and Hamilton a million bucks, all 40 kilometres away, all we'll be doing at the city level will be stealing each other's customers to come to each other's cities. I think that's a horse trade and a waste of money.

You need to direct the capital further, closer to the ground to where cities can create wonderful projects and wonderful experiences on a grassroots level. My suggestion to you would be, find a way to directly fund the BIAs. Maybe through the regional tourism offices would be one way to do it, rather than directly through cities, because then they can create localized ideas. That's one way to do it, through regional tourism offices.

0930

Mr. Mike Schreiner: Great. Thanks for that. I'm from Guelph, and the Downtown Guelph Business Association, in particular, is doing a lot of creative things and a lot of cross-pollination with Hamilton, so some exciting opportunities there.

I wanted to direct my next question to Wayne. Wayne, I've been meeting with a number of artists—musicians, in particular—who have talked about how the model for supporting musicians pre-COVID was flawed and problematic, and now, during COVID, has become very challenging. I'm just wondering if you have some thoughts on how we can support musicians in particular in this interim period between now and when we can have live events again.

Mr. Wayne Zronik: First, thank you. The artists', and certainly the domestic artists', case—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Wayne Zronik: —is they're not able to go and play—can you hear me? Yes?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Wayne Zronik: Okay, great—and are struggling because they can't get out there and play live. Obviously the federal programs like the CERB and other things like that have underwritten a little bit of that, but we see in, the medium term, trying to come up with programs that will allow artists to play in socially distanced environments and trying to get reopened as quickly as possible—only when it's safe, obviously, but we believe that there's lots of opportunity to create smaller events where social distance can be maintained and safety can be maintained, and domestic artists can begin playing again. That is one.

Obviously, when you can't get the capacities that you used to have, then it's tough to make the economics work. But perhaps in the short term, underwriting or creating those event grants or enhancing the programs, as I had said, like Celebrate Ontario or the live music stream of the Ontario Music Fund to support or perhaps provide some support for domestic artists to get out there and tour in those reduced-cap environments—because when you can only put 200 people in a 1,000-capacity room, the economics of an event become very challenging. As you can imagine, it's difficult to make it make sense. But if the government can support that, we can get artists back out on the road earning money and providing entertainment for Ontarians.

Ideally, it's really getting back to business as quickly as possible, whether it's in a reduced-capacity environment or otherwise. We've tried to do that, as I said, where we're trying to create streaming events in the venues that we own, with no fans, and then ideally we're creating some drive-in events and some other—ideally later this summer—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Wayne Zronik: —reduced-cap events. Ultimately, it will be domestic artists that we'll rely on for that because there's no opportunity for any other artists to play. So we think there will be opportunities in the short term, but we think government support through those programs will be very helpful.

Mr. Mike Schreiner: We're almost out of time, so just quickly, the transition to digital and online performances: How has that gone? Is it a financial model that works at all, or is it just a stopgap at this point?

Mr. Wayne Zronik: There's a little bit of stopgap to it. Listen, we want to continue to keep fans engaged with live music while they can't go to shows, and so we've made that a priority, things like Budweiser Stage at Home and other events that we're producing. We hope that it's a long-term opportunity. Fans haven't engaged with it in the past, but the audiences we're seeing for that during COVID-19 are extraordinary and we think that, hopefully—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll have to move to the government side for their first round, now, and I'll start with MPP Cho.

Mr. Stan Cho: Thank you very much, Chair, and thank you and good morning to all of you for being here today with us. I have two quick comments and two quick questions before I pass it to my colleague MPP Smith.

My first comment is for Jason. I appreciated your comments. I think it's very fair to say that investments into the grassroots, the micro levels—as micro as we can get—bear a lot of fruit, and certainly at the Ministry of Finance we are looking wholesomely at providing municipalities with additional tools to be able to do just that, because the closer you are to the front lines, the quicker we can fill those gaps.

Which leads to my second comment, for Ramy, and it has to do with those gaps. Since the beginning of this pandemic, we have been working with all levels of government, but particularly with Ottawa, at the Ministry of Finance, because we recognize that programs have those gaps.

While we've been successfully able to fill some of those gaps, certainly hearing your case here today and from the sector before, we hear that there are those gaps. My promise to you at a personal level is to continue to work with our partners in Ottawa. Of course, in Ontario we are more limited for capital than they are, but that doesn't stop the effort from happening, so we will be working towards helping to fill those gaps as best as we can.

My two questions: You spoke a lot of the fiscal impact in your sector—I appreciate the question is for Ramy—but you spoke about lawsuits, so my first question is, what are those stories we're not hearing? What's going on on the ground level with couples who weren't able to get married—me being one of them, of course, missing my wedding in May; not to make it personal, but I understand that stress and the anxiety that it causes couples out there. If you could describe a little bit, please.

Mr. Ramy Sallal: I guess they're finding lawyers who are citing frustrated contracts. We get deposits. We have contracts booked. They are non-refundable, but in this case here, do they have a good case? It's not my fault. It's not their fault. It's nobody's fault that this happened. We've offered full postponements, so the majority of our clients are postponing. What that's doing is taking all the revenue from this year and sticking it into next year, on dates that I could be booking for next year. So we're just moving the revenue over and losing the opportunity to make new revenue.

It's hard to give deposits back or cancel events, so a few of my colleagues in the wedding industry are being faced with a bunch of lawsuits—we haven't got any yet—to demand their deposits back and cancel the events.

Mr. Stan Cho: It's very unfortunate to hear that. Certainly that friction, not by anybody's fault, is very real, given how important these events—weddings—are for most people out there.

My second question: What are you doing to combat some of that aggression between the parties? You seem like a measured, reasonable person in this industry, and so I don't think for a second that you're fighting these

lawsuits as aggressively as possible. What are you doing as a hall to try to mitigate some of those potential risks?

Mr. Ramy Sallal: We're giving many, many options not to cancel. I've got a 10-acre property, so I'm in the luxury events space. I've offered to the brides and grooms that maybe if they're allowed to do the outdoor ceremony, please do the outdoor ceremony here. We'll celebrate your wedding next year on another date.

We're offering full postponements: no administration fees, no 2021-pricing price increases, no penalties.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Ramy Sallal: We're just going to take all the hits ourselves. It's a lot of hits we're taking. We've been burning, burning, burning money every day, every month, and it's just not sustainable.

The Chair (Mr. Amarjot Sandhu): MPP Smith?

Mr. Dave Smith: My question, actually, is for Wayne, as well. Companies like yours are a little bit larger, let's say, than the other presenters', but there has been some interesting conversation coming around about government-backed loans and so on. During the financial crisis in 2008, we bailed out the auto industry by a stock purchase. Rather than doing government-backed loans, is there or could there be an opportunity where there's another class of shares that gets created for larger companies such as yourself, where the government has an opportunity to purchase those shares and share not only in the risk, but share a little bit in the reward if at some future date you're able to recover much quicker?

You're still on mute, unfortunately.

Mr. Wayne Zronik: There we go. Sorry. My apologies.

Live Nation Canada is a subsidiary of Live Nation Entertainment globally, and so we have tapped capital markets and we believe that we're well positioned from a balance sheet perspective through this. That doesn't mean that, given how long this goes on and the uncertainty associated with it, any and all options wouldn't be considered. Not having thought about that in any real way, I'm sure it could be helpful to a number of industries if this does go on for a prolonged amount of time, but we believe that our balance sheet is in pretty good shape right now and haven't considered anything like that.

The Chair (Mr. Amarjot Sandhu): One minute.

0940

Mr. Dave Smith: Thank you, Chair. My next question, then, is also for you, Wayne. You talked about Celebrate Ontario in particular. The applications for Celebrate Ontario have passed and a lot of the money has already been allocated from it. Should we be creating another program then that has a focus on reopening or a focus on covering existing costs right now?

Mr. Wayne Zronik: I think the existing grants were covering costs for those, but I do think additional programs that would support the ongoing operation as things start to reopen—as I said, I think capacities will be reduced and economics will be challenged, but by providing some support to those events, you'll find that the activity is higher, which will generate employment and get artists

working again and keep the ecosystem functional while we're not able to put full capacities into clubs. We think that reopening for sure, and then I think there's a number of festivals and larger events—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. We'll have to go to the independent members for their second round now, and I'll start with MPP Hunter.

Ms. Mitzie Hunter: Thank you so much, everyone, for your presentations and the perspectives that you've brought to the committee today. I would like perhaps Wayne to speak to what the safe protocols are that you have adopted. If you could just us a sense of that, and are there any shifts in your costs as a result of that to keep your audiences safe when they are able to come back?

Mr. Wayne Zronik: Yes. Well, I'll frame that in the longer term. In the short term, from a reduced-capacity perspective, obviously you have fewer people in the buildings or venues to maintain social distance, which results in lower ticket sales obviously, which makes the economics challenging.

In addition, you have the capital associated with retooling a number of things in venues, whether it be going to touchless and cashless transactions to minimize touching of surfaces in the building, to additional cleaning because you're going to be basically sanitizing before, during and after in a much more significant way. You're obviously going to have to have additional event staff to promote and maintain the social distance.

So all told, through the entire chain, we're going to have increased costs and a bunch of investment that will need to be made in these venues. I think that will be consistent across the event-hosting space, that it's just going to cost more and there are going to be a bunch of capital investment that we're going to need to do as we get back to business.

Ms. Mitzie Hunter: So the economics will be challenging in the new environment. One of the challenges that we've heard consistently through this hearing process is around consumer confidence, and in your case it would be fan confidence. I'm wondering if you've thought about your role in helping to build and re-establish that fan confidence so that these types of gatherings in places—and we heard how important localizing that in communities and cities is. So how do you see yourself playing a role in rebuilding that confidence that Ontario is a fun, social and safe place to play?

Mr. Wayne Zronik: Across North America, we have hundreds of clubs and theatres and around 60 or 70 amphitheatres, so we have a robust business and generate best practices. Communication, we think, will be key, communicating what we're doing and why we're doing it.

One of the things that heartens us is that we have offered refund windows on our shows and fans are holding on to their tickets.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Wayne Zronik: Some 80% of fans who would have purchased tickets are holding on to those tickets.

Ms. Mitzie Hunter: Okay. Thank you. I will give the remainder of my time to MPP Blais.

Mr. Stephen Blais: Thank you. I have a question for Ramy. Ramy, you mentioned the situation with your business interruption insurance and the lack of providing you coverage. I was hoping you could expand upon that a little bit. Also, was that a particular issue to your coverage, or do you understand that to be an industry-wide problem just with the nature of insurance?

Mr. Ramy Sallal: It's industry-wide. We put a group of owners together now just to bounce ideas off each other, and there are about 70 different venues that we communicate with. All of us have been denied business interruption, because it is triggered by physical loss. So if I had a tornado, a hurricane, a flood or anything that knocks out my business, it's covered. But when it's a mandate like this, the loophole that they have is it's not physical damage. So we're trying to go after it. We could do lawsuits, but again, it's a two-year battle. I don't know. It's unaffordable.

Mr. Stephen Blais: Sure. I don't have any other questions. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. Further questions? MPP Hunter?

Ms. Mitzie Hunter: How much time is available, Chair?

The Chair (Mr. Amarjot Sandhu): A minute and 30 seconds.

Ms. Mitzie Hunter: Okay, great. Maybe I can talk a little bit about the idea—I believe it was Jason who suggested supporting BIAs and micro-targeting that funding. I just wondered, Jason: Can you talk a little bit more about how you see that really helping to reduce cities competing against each other for the same audience and also generating local economic development and jobs?

Mr. Jason Cassis: I would say that the simplest way to think about this is that when you give money to a body of administration that is very tiny, with few employees, the money gets directly put into projects that support those retailers or restaurateurs or events spaces. If you give the money to a larger entity with a ton of administrative burden, the money goes to the administrative burden, not to the projects, typically. I would like to see it not get caught up in the larger groups—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll go to the government side now for their second round. I'll go back to MPP Smith.

Mr. Dave Smith: Thank you, Mr. Chair. I appreciate that.

For Jason and Ramy: I think, as I lead into my next question, that you guys probably have an easier case with this, because you will know everyone who will be coming to your venue. So I'm going to direct it to Wayne, but if you do want to jump in afterwards, please, by all means, do.

Wayne, the question is around contact tracing. You're going to have some very large venues. Yes, you will be selling tickets online, you'll know who bought the tickets, but then the ticket may flip through StubHub, it may be

sold by someone else or it may be purchased as a gift for another person. How would you suggest we go about contact tracing, then, for people coming into those venues as we reopen them, to make sure we have a way of tracing once the virus starts to spread that way?

Mr. Wayne Zronik: Well, the technology exists right now to have that digital ticket, and that digital ticket would follow the individuals even as it was sold, whether it be through StubHub or whether it be through Ticketmaster or whether it be through anything. We think that the digital ticket needs to live much like an airline ticket, so that we can identify who was in the venue. That technology exists, of course. We thought it was good from a security perspective.

Historically, we think it's even better in this environment where we need to know who was in what seat. Maintaining that knowledge and information will help us to be able to effectively contact-trace, and we're able to do that today through digital ticketing on the various platforms.

Mr. Ramy Sallal: Ours is very controlled, because they're private events. There's a complete guest list. We even have everybody's emails and can send out a courtesy email on behalf of the venue, and have certain stipulations in place, like, "If you've travelled, please do not attend." We know exactly who's coming to our events, and it doesn't get flipped. We know where they're sitting, what table they're at. We know everything 100%. It's very controllable.

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Mr. Dave Smith: Thank you very much for that. I'm going to turn it over to my colleague MPP Skelly.

The Chair (Mr. Amarjot Sandhu): MPP Skelly?

Ms. Donna Skelly: Thank you, Mr. Chair. My question is for Jason. Jason, it's so nice to see you today. You were instrumental in the city of Hamilton moving forward with shutting down some streets, allowing restaurateurs to maximize the capacity for their restaurants. You mentioned that, so far at least, it appears to be successful. The city has been very, very good—I think one of the most progressive—in terms of trying to deal with COVID-19 implications.

Were there any barriers in terms of the process of getting this through that you have identified that we can address, so other cities and the city of Hamilton can move forward quicker and with fewer barriers in place?

Mr. Jason Cassis: Sure. Thank you very much for your question. It's nice to see you today.

What I would say is a lot of what I said earlier. If we had approached council directly with this idea, I think it could have gotten caught up in the typical council infighting that you would see in various cities throughout the province. But instead, what we did was we socialized the idea through the BIA first, then we socialized the idea to all the restaurateurs and all the stakeholders on the street.

This was truly grassroots. This was not a top-down type of project—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Jason Cassis:—where a province or a municipality dumps a bunch of capital up at the top and hopes that it trickles down. This started at the bottom and worked its way up.

I encourage the province to take a hard look at how it's going to deploy this capital and where, because like anything, the quickest and most direct route will have the greatest effect on solvencies for these businesses. I hope you guys will perhaps create a program for BIAs through, maybe, the regional tourism offices to administrate, to get the ideas going and have them pushed up into council, as opposed to money being pushed down.

Ms. Donna Skelly: I wanted to ask you about your long-term plan for recovery post-COVID-19. Many of the stakeholders we speak to are talking short term, but you recognized—and you mentioned this to me weeks ago—you're looking long term. What is your plan? What are you looking at?

Mr. Jason Cassis: Sure. We've created an 18-month budget and a 24-month budget that effectively looks at various scenarios. The scenarios we see are 25% of tables, 50% of tables, 75% of tables and what those look like. What I would say is, while we're in a period of 25% to 50% of tables, although we have reduced our expenses, although we're having the benefit of wonderful government programs, we still will be in a position to be either breaking even or having a loss.

For some businesses that weren't as tight at running their businesses—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jason Cassis:—there may be some issues. So I suggest through the BDC that some additional lending be perhaps put forward to help, again, until the point where we're at 75%. When we're at 75%, it's thumbs-up.

Ms. Donna Skelly: You also mentioned that you wanted to look at a revised tax structure with the LCBO. Can you just expand? We only have about—Mr. Chair, how much time do we have?

The Chair (Mr. Amarjot Sandhu): Thirty seconds.

Ms. Donna Skelly: There you go.

Mr. Jason Cassis: Okay. The revised tax structure is effectively turning it slightly upside down, whereby instead of you purchasing a bottle of wine for \$15, we're actually selling that bottle for \$40 in our restaurant. Do you want to get the tax on \$15 or the tax on \$40? You're going to benefit more from the \$40 tax than the \$15. That's why we should be treated differently.

The Chair (Mr. Amarjot Sandhu): Thank you so much. All right, so we'll go back to our opposition for their second round. I'll go back to MPP Taylor. You can start from where you left off in the first round.

Can you unmute yourself, please?

Miss Monique Taylor: There we go. Jason, thank you for your presentation again. I've heard from many businesses who were not able to access the rent rebate, and that landlords were not participating. Were you one of the fortunate ones who actually had the ability to have good landlords in that sense?

Mr. Jason Cassis: Yes. We have great landlords; we have great relationships. I've got to tell you, I personally

loved when Premier Ford said, "Listen, landlords, we've got our eye on you. You've got to step up." I can tell you that the ripple effect of insolvencies and bankruptcies on the commercial real estate sector and the health of cities and the tax base of cities is so important to everybody, from Live Nation to an event space to a restaurant to a mom-and-pop retail shop. If they don't force the hand of some of these commercial landlords, the trickle effect of this could be as devastating as the shutdown, but dragged out over a decade or five years. So I think they need to step up.

Miss Monique Taylor: So you're saying that landlords need to be forced into doing this? Is that what you're saying?

Mr. Jason Cassis: Albeit on a temporary basis, for sure.

Miss Monique Taylor: Yes.

Mr. Jason Cassis: A business that's not doing well is always going to go under. That's—

Miss Monique Taylor: Right.

Mr. Jason Cassis: But to help the ones that should live, that should survive, that weren't insolvent going into this, that weren't struggling, is key. So they should all be helped. They should have the opportunity.

Miss Monique Taylor: Okay. Thank you. I see MPP Paul Miller wants to speak next, so I'll—

The Chair (Mr. Amarjot Sandhu): MPP Miller.

Mr. Paul Miller: Are we on? Hello. How are you doing? This can go to any of the presenters, actually, this question. What incentives are your industries offering to domestic consumers during the restrictive rebounds?

For example, travellers in Italy and to Italy are being offered discounts on incentives from their BIAs, travel companies, airlines and event promoters. Italy, for example, is offering discounted airline tickets, one free night at a hotel. Japan is putting \$15 billion aside for domestic tourism and is working with the Japanese tourism industry to encourage domestic spending.

So all tourism industries have to get creative and all promoters have to get creative, and obviously if you want to expand your domestic support and international support, you're going to have to look at creative ideas to attract the crowds back. This is going to be a long process, but it certainly would be expedited with support from your industries to give people a break. Obviously, people are out of work, a lot of job losses. They don't have the money they used to have, so to stimulate the economy and the businesses, you're going to have to get very creative. Would that be a fair question? Any one of you can answer that.

Mr. Wayne Zronik: Wayne Zronik here from Live Nation. Yes, I think we do have to get creative. One of the important things for us was to incentivize people to come back to us.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Wayne Zronik: Sorry?

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Wayne Zronik: There were a number of cancellations that occurred as this was happening, and so

we incentivized our fans and consumers to hold on to that money and use it towards future live events by offering an incentive, for instance, of 150% of the value of that ticket to be used in the future, so that ultimately they essentially had a bank of dollars that they could use on shows in the future, and we've seen great uptake in programs like that. As I said before, the fans are holding on to their tickets where shows have been rescheduled. So we do think that when we're able to safely reopen that, (1) we have a number of tickets outstanding, and (2) they use these credits and fans will come back to the live entertainment experience.

Mr. Paul Miller: And Wayne, to follow up on that—just a suggestion—it may be valuable for your industries and other industries of course to work hand in hand with airlines, with hotels and these types of industries because you all interconnect. You all—

Mr. Wayne Zronik: One hundred per cent.

Mr. Paul Miller: —and I'm feeling, if you sit down with these major players, that all of you could certainly benefit each other with direct contact and dialogue between all the industries that are affected immediately by travel and tourism. So I would suggest that, ASAP, you sit down with your organizations and all the other ones to get things and get some motivation obviously because you're going to want a quick rebound, as quick as possible under these unfortunate circumstances.

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Mr. Wayne Zronik: Agreed.

Mr. Paul Miller: Thanks, Wayne.

Mr. Wayne Zronik: Thank you.

The Chair (Mr. Amarjot Sandhu): One minute. Further questions? All right. Thank you so much. Thank you to all three presenters for your time and for your presentations.

OTTAWA EMBASSY
HOTEL AND SUITES AND
OTTAWA GATINEAU HOTEL
ASSOCIATION
STE. ANNE'S SPA
OTTAWA FESTIVAL NETWORK

The Chair (Mr. Amarjot Sandhu): We'll move to our next presenter, from the Ottawa Embassy Hotel and Suites and the Ottawa Gatineau Hotel Association. If you could please state your name for the record. You will have seven minutes for your presentation.

Mr. Colin Morrison: Good morning. My name is Colin Morrison. I'm the general manager of the Ottawa Embassy Hotel and Suites. I also serve as board chair for the Ottawa Gatineau Hotel Association and vice-chair for Ottawa Tourism. Thank you for taking the opportunity to appear before you today to share my COVID experiences and suggestions.

This pandemic has impacted the hospitality industry severely, and I fear the worst of COVID's impact on tourism is yet to come.

The Embassy Hotel and Suites is a 140-room, independent-suite hotel located in downtown Ottawa, beside city hall. A recent investment of \$8 million ensured the hotel was on par with any hotel product in the city. We ran at 70% occupancy in 2019 at an average rate of roughly \$180 and employed 60 team members prior to COVID. Then COVID hit.

In the course of two days in the middle of March our occupancy dropped from 68% to less than 10%, followed by a drop in future reservations of over \$1 million for April, May and June. We had no choice but to take painful but necessary action to lay off 52 of our team members. This is where things in the hotel sector got interesting. Our food and beverage and meeting operations were closed on March 16. In the weeks that followed, 29 of 58 hotels in Ottawa closed their doors. The Ottawa Embassy remained open as an essential service to the province. We provided our services to government, health care and first responders. We provided services to local businesses, women's shelters and embassies that needed to accommodate people who had no other place to go.

Unfortunately, revenue continued to erode. This month, our total revenue will be roughly the same as the revenue from two days last June.

Pre-COVID, Ottawa enjoyed 11 million visitors per year, who spent \$2.2 billion in our city. This year, we expect visitor spending to drop by about two thirds. That's \$1.4 billion less that we brought into our community.

Oxford research and CBRE forecast that the tourism industry will not experience demand recovery for 24 to 30 months, or, until the end of 2022. Economic recovery for the hotel industry will not be experienced until 2025 or later. What can we do to stem the bleeding and create some demand?

Restoring public confidence in the tourism sector will be vitally important if people are to stay in hotels, attend meetings and events, visit attractions and partake in all Ontario has to offer. Unlike most of the province, the Ottawa region has no provincially funded regional tourism organization. We rely on the Municipal Accommodation Tax to fund our marketing. The challenge here is that the marketing dollars are contingent on people staying in our hotels: no visitors, no marketing funds. Or, to put it another way, the COVID solution is negatively impacted by the pandemic itself.

Suggestion: Ensure provincial funding is in place to ensure all RTOs in the province have an opportunity to market the offerings [*inaudible*], and provide provincial incentives to Ontario residents to travel and stay in their own province this summer.

Many hotels have continued to operate through the pandemic. We have taken care of those in need without a single transmission of the virus being traced to a hotel stay. We have embraced all protocols and we have prepared additional safety standards. This demonstrates the readiness of hotels to accommodate guests, host events and support businesses that rely on hotels each day.

Suggestion: Allow the reopening of hotel meeting spaces for small groups, given our controlled environments and proper physical distancing protocols. Meetings

and events are our bread and butter. We have demonstrated our ability to safely manage the process. Please allow us to do so.

Property taxes for businesses in Ontario are based on a number of factors, a major portion of which is revenue. Given our current revenue situation, hotels are paying five times the property taxes that we should be. This is a significant barrier to recovery. Unfortunately, municipalities are prohibited from operating deficits, which forced them to take a hard line on collecting taxes by the end of each year.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Colin Morrison: Suggestion: Support short-term liquidity of hotels by allowing 2020 property tax obligations to be deferred, remitted to municipalities over a number of years. Further, ensure that MPAC be required to consider our depressed 2020 business revenues when determining municipal taxation evaluations to help level the playing field following [*inaudible*].

More than three quarters of all food service establishments in Ontario are licensed to sell and serve liquor. Embedded in the retail price of alcohol is a complex regime of fees, levies, markups and taxes, both federal and provincial, amounting to an increase of over 100%. Licensees must also pay an additional 6% gallonage fee, making our purchase price greater than the consumer price.

To illustrate, a bottle of wine that cost the LCBO \$5.43 would be sold to an Ontario consumer for \$12.73 and a licensee for \$12.84. The licensee would then sell that bottle for \$20, plus \$2.60 HST. The transaction total to government is 184%. The margin to a licensee shifts to 45%. Generally speaking, buying 1,000 widgets should cost less than buying one. Unfortunately, this is not the case with the LCBO and Ontario licensees.

Suggestion: Provide volume discounts to licensees, as is done in other jurisdictions, allowing food and beverage operators to realize a respectable margin and allow us to recover some of the income lost during COVID.

I started off this conversation indicating that the worst is yet to come. The industry has done everything possible to protect liquidity over the past few months, including layoffs, deferrals of taxes, utilities, maintenance and mortgages. However, much like getting your credit card bills in January, the sticker shock—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Colin Morrison: —in the coming months may bankrupt many companies, as all indications are that the revenue required may not be there for years to come.

Thank you for your time. I look forward to answering any questions you may have.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Before we move on to our next presenter, I will need to do an attendance check. MPP Kusendova? MPP Kusendova? All right, we'll come back to her.

Our next presenter is—

Interjection.

The Chair (Mr. Amarjot Sandhu): Sorry, MPP Arthur as well. If you could please confirm your attendance?

Mr. Ian Arthur: I am here and I am in Kingston, Ontario.

The Chair (Mr. Amarjot Sandhu): MPP Kusendova?

Ms. Natalia Kusendova: Hello? Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes, we can.

Ms. Natalia Kusendova: Yes, hi. This is Natalia Kusendova, MPP for Mississauga—Centre. I'm calling in from Mississauga, Ontario.

The Chair (Mr. Amarjot Sandhu): Thank you. All right, so we'll move to our next presenter, Ste. Anne's Spa. If you could please state your name for the record and you can get right into your presentation.

Mr. Jim Corcoran: My name is Jim Corcoran. Thank you for the opportunity to present to the committee today. I'm the owner of Ste. Anne's Spa, a health and wellness destination spa in Grafton, Ontario, about halfway between Toronto and Kingston. We're one of a handful of true destination spas in Canada. We provide an extension to the health care system through treatments like massage therapy that use soft tissue manipulation to induce relaxation and reduce stress. These modalities are complemented by fitness classes, yoga, meditation, healthy culinary choices, fresh country air and hydrotherapy. We have 35 guest rooms and we run at 95% occupancy year-round. The average spend per guest is in the range of \$435.

We also operate a gluten-free bakery. We manufacture dairy-free ice cream. We manufacture our own skin care line and we farm our own beef cattle.

The health and wellness sector has been slow to develop in Ontario due to a high cost of entry and high labour costs. It is more developed in Quebec, parts of the US, and widely throughout Europe and Asia. In some countries, health and wellness destination spas are an integrated extension of the health care system. It's estimated that this sector is a \$4.2-trillion worldwide industry.

Ste. Anne's started in 1985 as a small bed and breakfast in our family home. At the time, we employed five part-time staff, with revenues in the range of \$200,000. We operate at a margin of between 6% and 8%.

In 2019, we had 200 full-time employees and revenues of \$17 million. Forty thousand guests visit our property each year in search of respite. Until 2008, my family also operated a \$30-million spring water bottling facility here in Grafton. Unfortunately, it was a casualty of the Canadian dollar being on par with the US dollar during the 2006-08 financial crisis.

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The owners of that business, my younger brother and his wife, found a way to recover from their loss by starting a charter boat business in Exuma, and more recently by opening a glamping park called Whispering Springs here in Ontario. After two successful years in business, they were fully booked with outdoor weddings for the 2020 season, until the response to COVID-19 caused them to change course once again. All of their weddings were cancelled.

Despite being raised in the shadow of a former president of IBM, we would become a family of entrepreneurs. In 35 years, my business has weathered many challenges.

We tend to thrive in recessionary times, because our guests are looking for stress relief close to home. We survived the impact of HIV, SARS, H1N1, MERS and a norovirus outbreak. We also operated successfully under Liberal, NDP and Conservative governments. Never in my wildest dreams did I think we would be brought to our knees by a government-ordered closure.

We had business interruption insurance, but our claim was denied. On March 18, our cash flow of \$50,000 a day was brought to an abrupt halt with the declaration of a state of emergency. While we were closed, I used up a million-dollar operating line of credit and took on an additional \$1.4 million in debt. We kept our accounting, HR, online product sales, farm, construction and maintenance staff working during the closure. One silver lining of the closure was our ability to complete some major upgrades and renovations that would be challenging to complete while we were open.

We reopened on June 12. The response from our customers has been overwhelmingly positive. In the first 10 business days since reopening, we have been at about 65% capacity, mostly limited by access to our spa staff. Since restarting our sales and marketing team, our incoming form traffic is up by 34% over last year, and new bookings are up by over 60% over the same period last year. The demand for our product is strong.

While we have had very little support from our local public health unit in planning for our reopening, our MPP, David Piccini, has been a tremendous support. I served for five years as a public school trustee, from 1976 to—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Jim Corcoran: Pardon me?

The Chair (Mr. Amarjot Sandhu): You have three minutes left.

Mr. Jim Corcoran: I served for five years as a public school trustee, from 1976 to 1981, so I can empathize with the position that you find yourselves in, but I also consider myself a bit of a political veteran, and never have I seen the hard work and tenacity of a politician that David has demonstrated.

I'm disheartened by the massive damage that has been sustained by businesses in my community and in my sector. Many have already given up and many will not recover. Those who have opened their doors are disheartened and seemingly in a daze. Few restaurants and bars in my community have patios, so they remain closed. Those who have open patios were not prepared and their patios are a poor representation of their former selves.

There are divisions developing in my community: older people against younger people, white people against people of colour, rural people against city people, CERB-dependent people against people who stayed at work, people employed by businesses against public servants who continue to draw paycheques throughout the crisis, and people who believe in the mandatory use of masks against those who do not. These divisions are real, and they're not getting better.

During the crisis, my greatest frustration was the lack of consultation by government with me and the lack of

direct communication. Most everything was communicated through the media. You know how to reach me, and in today's world of technology, there is no excuse for poor communication.

Going forward, my greatest challenges are a lack of access to capital for funding—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jim Corcoran:—[inaudible] outdated and excessive regulation: for example, increasing regulation of pools and hot tubs with no consideration for advances in technology and alternatives to chlorine. We also have a chronic shortage of qualified staff. Other lesser challenges are financial uncertainty, a lack of financial support and the unabated evolution of a snitch culture. It was bad enough for our industry to be held hostage by social media platforms like TripAdvisor, but now anonymous snitching and libel across all platforms has reached a fever pitch.

I was sorry to see the Premier back down so quickly on statutory holiday pay. In my sector, we are open 363 days a year, and the number of days that attract premium pay is financially punitive. In the wake of COVID, about 25% of my employees have not returned to work. We successfully brought in two foreign workers from Jamaica last week, a country with 195 active cases, only to have—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. Your time has come up now. We'll have to move to the next presenter, from the Ottawa Festival Network. If you could please state your name for the record, and you will have seven minutes for your presentation.

Ms. Carole Anne Piccinin: Hello. Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes, we can.

Ms. Carole Anne Piccinin: Excellent. My name is Carole Anne Piccinin and I am the executive director of the Ottawa Festival Network, or OFN. OFN is a not-for-profit service organization, and we represent the vast majority of festival, special event and fair industry members in the National Capital Region. We advance our industry through research, advocacy and education, and next year we'll celebrate our 25th year of operation.

Ottawa is a festival city. Our festival industry is an important part of our city brand. Many of our festivals are world-renowned and most are not-for-profit. Annually, Ottawa festivals have more attendees than Parliament Hill has visitors, and Ottawa is the most celebrated festival city in Canada by the International Festivals and Events Association.

Our creative and entrepreneurial festival producers have a tremendous impact on Ontario's economic prosperity and quality of life. Here are some stats from our 2019 impact study of just 40 festivals:

—our industry supports the booking of 234,000 hotel room nights;

—visitor spending of \$122.5 million of new money contributes to our festival industries overall;

—\$222.6 million GDP with a provincial tax contribution of \$17.3 million, and this does not account for spending by locals;

—our industry supports 68,800 direct and indirect jobs combined;

—our industry generates \$8.3 million of economic value of volunteer hours; and

—well over \$1.1 million is raised annually for charities by 15 of our local festivals.

As such, festivals will be important to the recovery of Ontario's tourism industry. However, this is in no way a business-as-usual year for festivals and events in Ottawa.

Here is the industry conundrum: Festivals happen at a specific time, and revenues flow in correlation. However, festivals are run by organizations that have year-round operating expenses. Festival revenue comes from multiple sources: 63% of festival revenue is earned revenue like ticket sales, merchandise and vendor fees, for example; 13% comes from sponsors; and the other 13% comes from all three levels of government, 7% of which is provincial. During the COVID-19 pandemic, with festival earned revenue and sponsor investment levels down considerably, government funding is a lifeline.

This year, festivals are being reimagined online and at drive-in events. They have had to pivot quickly, and this includes some joint marketing efforts. However, these reimagined events are proving challenging to monetize. Consequently, some festivals will be forced to fold.

Our industry's success and impact are due in great part to the support of programs, under the Ministry of Heritage, Sport, Tourism and Culture Industries. There is an impressive \$21 return for every \$1 the province invests in festivals. In the immediate term, we ask that this government continue to champion greater industry success to these investments with maximum fund flexibility and speed. We are asking that remaining program funds flow towards stabilizing our survival and recovery. This means revising funding programs to cover core operating costs and eliminating or reducing matching fund requirements and redirecting new funding now to support increased industry expertise and digital offerings—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. Carole Anne Piccinin: —including virtual programming, streaming, artificial intelligence, virtual reality etc. These investments will help keep scaffolding around festival organizations so that they can continue to survive and create Ontario-grown experiences, connecting Ontarians to their communities, which we know are not only vital to our economic health but to our mental health and well-being.

As we head down the road towards phase 4, we encourage you to develop a tourism PPE and sanitation fund and strategy, so that supplies can be accessed with maximum affordability when large-scale events reopen. Recent provincial government-funded research shows that public scrutiny of event safety precautions will be high and safe events will be a major determinant of mass-scale event attendance.

1020

Follow through on legislation passed in 2018 and regulate the use of professional civilian security rather than paid-duty police officers to provide security at events.

Support advocacy to align cannabis sponsorship laws with alcohol and not tobacco legislation. This will broaden

out needed festival sponsorship opportunities coming out of COVID-19.

What if everyone could continue to track and report on local industry impacts? The festival industry, which is one of the most impacted with the necessary temporary erasure of the visitor economy, will be one of the slowest industries to recover. To keep our industry COVID-19-proof, we anticipate requiring direct investment to stimulate reigniting our tourism engines towards our full potential.

Despite the many potential perilous impacts to our industry, Ottawa festivals remain steadfast to their craft. We are resilient. We are known as Canada's festival capital, and we work hard every day to live up to that moniker.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Carole Anne Piccinin: Thank you for this opportunity to present today. We look forward to a continued strong partnership with the province and our many local partners to support a vibrant, inspired and prosperous festival capital. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll start the first round of questions with the government side this time, and I'll go to MPP Roberts.

Mr. Jeremy Roberts: Fantastic. Thank you, Chair. It's great to have a couple of witnesses from Ottawa with us today.

Colin, nice to see you here. I know Minister MacLeod has been working with Ottawa Tourism. I think she was with Michael a couple of weeks back, and I know she really appreciates all the great advice that Ottawa Tourism has been providing her.

Carole Anne, I think I speak for many across Ottawa in saying that I'm missing all of the festivals that should be happening around this time of year and a lot of things that I think we were all looking forward to this summer that we might have to experience in a different way this summer or wait till next year.

A couple of questions for both of you: The first question I have is, over the past couple of years, I think building on the Canada 150 celebrations, we've seen a really big push to market Ottawa as a key tourism destination, and I think we've had a lot of great success in attracting some really exciting events and visitors to our city. I'm wondering if both of you might be able to provide some thoughts on different strategies the government could consider on the marketing side to try and draw people from around Ontario, in particular, to come to Ottawa to visit and to try and take in some of our tourism activities going forward.

I'm not sure who'd like to start. Colin—

Mr. Colin Morrison: I'm happy to step in. Thank you very much for your question. There are a number of things that can be undertaken. I think we need to, quite frankly, wait until Toronto opens and allows what is the greatest populace of the province to go out and travel, but for everybody, an encouragement to travel within the province; as I stated in my presentation, if some form of incentive could be provided directly to Ontarians, perhaps through a reduction in taxes or a tax rebate for travelling within the province, especially in the next few months.

We are in dire straits. There is no demand and more hotels are slowly opening, which is a good thing for them, but all it does is it makes all the puddles a little shallower because everybody has rooms to sell. We need to encourage people to travel within the province.

One of the challenges in Ottawa, unfortunately, is the federal museums are not going to be opening this summer, so we are missing some of the attractions that we desperately need to bring people into our city.

Mr. Jeremy Roberts: For sure. Do you think, Colin, there should be a push around some of those outdoor activities that are available? Obviously folks can still visit the canal, can still go on some of our wonderful hiking trails. Do you think that's part of it, because some of those indoor attractions might not be open?

Mr. Colin Morrison: Listen, any promotion of any attractions, indoor, outdoor or otherwise, would be wonderful.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Colin Morrison: One of the challenges with focusing solely on outdoor is that there are a lot of operators—a lot of businesses, restaurants etc.—that can do that business as well, so I think that it should be more of a general focus versus a specific focus.

Mr. Jeremy Roberts: Great; thanks.

Carole Anne, I'll turn it over to you for some thoughts on that, as well.

Ms. Carole Anne Piccinin: Thank you very much. I agree with our OGHA colleague that incentivizing travel within the province will be really important; I think also incentives to encourage cross-marketing. Festivals are trying to do that now, but really, as they've tried to pivot to reimagine festivals delivery in a whole new way with a relatively short time frame—you have to imagine that while the festival season for all intents and purposes starts in May, this really started to click in around the middle of March, beginning of April, so they've had to work very quickly to redeliver and bring in different resources to help them deliver those events digitally and in a drive-in space. That has taken a lot of effort, working in partnership with our municipal public health authorities and with our events central team.

So I think one of the things that would be helpful beyond an incentive to cross-market, which is not necessarily built into the funding programs that are currently established, is really to help festivals and events with some sort of formal education process, where festivals can really understand the current public health framework, to help them determine how to reimagine within the current parameters.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Carole Anne Piccinin: It's tricky right now to do that. Some of them are, which is quite remarkable, but facilitating that level of communication and information flow between the province and the municipality and festival creators, I think, would be helpful.

Mr. Jeremy Roberts: For sure, and just picking up on that, Carole Anne, I know I've seen a couple of messages come out, one most recently on Bluesfest, that they're

moving to a digital lineup. Have there been any regulatory barriers that have come up, in your knowledge, that have prevented festivals from moving to either a drive-in or virtual delivery method?

Ms. Carole Anne Piccinin: None that I'm aware of. I think the challenge has really just been enabling them to access resources at the right time. I'm going to give you an example, if I may: the Ukrainian festival and cultural festivals in general. It would be very challenging for many of them that might be volunteer-led. These are professional people, in government jobs, for example, but they're not digitalization specialists. So having that kind of resource accessible—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll have move to the opposition side for their time of questioning now. Who wants to go first? Opposition? MPP Arthur.

Mr. Ian Arthur: Yes, sorry about that; I was turning my video on.

Thanks so much for coming in and thank you for, I guess, digitally attending the meeting and sharing your thoughts on this.

Colin, I'm going to start with you, and how you talked about the worst is yet to come. This is something that I've been trying to bring up in the Legislature quite a bit. We are a tourist community here in Kingston. We rely on the summer tourism season extensively, and also some festivals; certainly smaller than Ottawa's, but they play a huge economic role. Almost more importantly than the summer are the students who won't be attending Queen's, St. Lawrence and RMC in the fall, who will be attending remotely, because that is one of the largest economic drivers that we have in Kingston. Queen's alone brings in \$1.5 billion in economic activity per year, and that's simply not going to be there.

So you mentioned a little bit about how the worst is yet to come. I think that there are two parts to what we'd have to do in our response to COVID-19. One is the band-aids that we need to give sectors to help them get through the summer to stem some of the damage that has happened over the last three months, as interim measures. But then I think that we need a really systematic and, frankly, funded plan to rebuild over the long term. We're talking about anything between six and 18 months. In that period, I think there's going to be a lot. Do you want to speak to that at all, about what you see coming further on? And I saw Carole Anne nodding, so maybe we can move to her for a response after that.

1030

Mr. Colin Morrison: Certainly. I think that the worst is yet to come. This was a bit of a perfect storm. It hit our industry at a time when we generally are recovering our cash floats after December, January, February and the beginning of March.

The challenge that we will have, and the challenge that I think everyone will have, is to attract people to just actually come out from their homes. I think that we've done a great job of scaring people and we've done a wonderful job of curbing the spread of the virus, but I think

that we've almost done too good a job in that people are staying home. Even though in Ottawa we have patios open, none of them, really, are packed, in spite of very good weather.

So we need to look at programs that will have longevity. You mentioned the six to 18 months. I think that's going to be important. I think that 18 to 24 to 36 months is also going to be very important, to support and encourage people to step out from their homes, to travel within the province and, equally, to travel within Canada. I don't think—and this is my personal view—that the border will be open too soon, and I think that we really need to focus on Canadians and Canada and encouraging, promoting, travel from within.

Mr. Ian Arthur: Thank you very much. Carole Anne, do you want to add anything to that?

Ms. Carole Anne Piccinin: Yes. I agree with Colin: I feel that the trajectory is more along the lines of 18 to 36 months. There is precedent for this kind of a long-term—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. Carole Anne Piccinin:—funding over the long term. The investment was made federally. It was \$100 million over two years. It was evaluated by the industry. It was very successful.

The other thing that I think is going to be needed is some form of a public relations campaign—

Mr. Ian Arthur: Sorry. Which campaign was that? Which campaign were you referring to, or—not campaign. Which instance were you just—

Ms. Carole Anne Piccinin: Sorry. It was a program set up by the federal government. It was called MTEP, for short. It was really geared to marquee events, but this happened when the market crashed in 2008-09, so we're hoping that we'll see something established in a similar vein.

The other thing that I would support is some sort of a public relations campaign or a social marketing campaign to change the public's attitude towards large events and their safety, as we come out of COVID-19. It's going to be critically important; the data shows us that already, when showing public research.

Mr. Ian Arthur: James, moving to you: What is your ask of this committee and the government? You touched on a few things. You talked about some of the regulations that were very difficult to navigate, not being updated with technology. You also listed your financial projections and stability as one of the lesser things there, but what is it you're looking for? What does Ste. Anne's need to help come out the other side of this?

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jim Corcoran: Some kind of help in terms of taking on the additional debt that we've taken on through the pandemic. I don't understand why businesses should be shouldering that themselves.

I would love to see the government walk back a little bit of the fear and hysteria that has been created around this pandemic. The numbers are alarming, but they're really not that alarming in context, and the media doesn't seem to want to put them in context; the government

doesn't seem to want to put them in context. But if you compare the number of active cases, the number of dead and the number of people whose lives have been altered financially significantly, those kinds of comparisons might help to get the economy going again.

But for me specifically, if COVID hadn't happened, access to capital to take advantage of the demand for this product would be—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll have to move to the independent members now. I'll start with MPP Blais.

Mr. Stephen Blais: Thank you, Carole Anne, James and Colin, for presenting today. Particularly for Colin and Carole Anne from Ottawa, your presentations have reminded me of the Charlotte Whitton quote that the mayor likes to use at almost every public event: that Ottawa should really feel like every Canadian's second hometown. Obviously, the tourism industry plays a huge role in that.

Colin, you mentioned the lack of RTO funding for the city. Obviously, with the way this situation is going, Ottawa Tourism isn't going to have that accommodation tax revenue to offset that cut. I'm wondering if you could maybe talk about the value of that funding and what Ottawa Tourism could do with it in terms of attracting people to the city.

Mr. Colin Morrison: The funding that was coming to Ottawa Tourism, prior to being held back, was \$3.8 million. I will preface by saying that when Minister MacLeod was in town last week, she did bring us \$1 million, and that certainly helps, but it's a bit of a drop in the bucket when you compare the amount of MAT income that has been lost.

MAT income last year was \$12 million to \$15 million. That goes directly to Ottawa Tourism and it supports everything that Ottawa Tourism does for Ottawa. Really, in the last three months, there has been next to zero income through the MAT, because most of the stays in the hotels have been long-term stays and therefore would not attract MAT. So they're going from a position where they were reasonably funded, even after the cuts from the province, to being drastically underfunded.

Any money that could be invested in Ottawa Tourism would have multiple returns to the community. I would encourage equality through the RTOs as far as funding is concerned.

Mr. Stephen Blais: I certainly appreciate that and agree. I think Michael mentioned this when he presented, I think on the first day of our testimony, but you mentioned travel within Ontario, and that's obviously very important. One of Ottawa's strategic opportunities and advantages is our proximity to Quebec, obviously—a shared border with Gatineau but also, more specifically, a 90-minute drive to the second-largest market in the country. Can you speak to the value of attracting Quebec tourists to our city, especially with the francophonie and the bilingual nature of our community?

Mr. Colin Morrison: Ottawa and Gatineau are sister cities. They sit on either side of the river, and our citizens

go back and forth as if it were one city. Montreal is, without question, one of the larger feeder cities to Ottawa, as far as tourism is concerned—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Colin Morrison: —as is Toronto, and anything that we can do to attract visitors from Montreal or Toronto is of benefit.

Unfortunately, both those cities are currently shut down. We have a challenge: that we have to attract, at least in the short term, from elsewhere in the provinces of Quebec and Ontario.

This committee has influence on Ontario. I think that's why I've spoken specifically to providing some form of incentive to Ontario residents. If Quebec would provide some form of support to Quebecers visiting Ontario, I would support that as well.

Mr. Stephen Blais: Sure. Of course.

Mr. Corcoran, you mentioned that there is a high cost to entry into the health and wellness or the spa sector in Ontario. I was hoping that you could perhaps describe what drives that for us.

Mr. Jim Corcoran: It's just that the investment in the facility is significant. In our case, it's a fieldstone castle on 500 acres with high finishes and spa rooms and that kind of thing.

1040

Mr. Stephen Blais: Is it higher in Ontario than in other parts of the country, or is it just naturally higher because of the type of business?

Mr. Jim Corcoran: It's naturally higher because of the type of business. I don't think the facilities were pre-existing in Ontario for easy conversion to a destination spa.

Mr. Stephen Blais: Okay. Thank you very much.

Carole Anne, in terms of festivals, you mentioned a PR campaign to take away the stigma and to encourage large gatherings. Besides direct funding, are there any other actions the government can take to bring that sector back in Ottawa?

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Carole Anne Piccinin: I think I've spoken to the main opportunities that we foresee. I think it's just—

Mr. Stephen Blais: If the answer is direct funding, that's fine.

Ms. Carole Anne Piccinin: It is. It is, and I think it is the things that I've spoken to, the access to support digitization for festivals that operate with very lean staff on an annual basis—and leaner now that funding, that trickle, has pretty much halted, save for government funding.

The other thing that maybe I'll just mention that I didn't in my opportunity to speak is a stronger connection with the education sector. Bring in students. Open up universities and colleges to create apprenticeships, that kind of—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll have to move to the opposition side for their second round now.

Any questions from the opposition side? MPP Arthur.

Mr. Ian Arthur: Thank you again for that. Colin, I'm going to go back to you to elaborate a little bit on your talking about municipal property tax reassessment and what kind of role that would be. James, if you also want to speak to that—you have a vast property there; I'm sure the municipal taxes are a significant part of that.

You talked about municipalities being given a little bit more leeway in what they could do or what they could extend. Certainly, municipalities are entities of the province, so what's the role of the province here? What are you looking for this government to do to allow those sorts of things to happen? And are deferrals actually enough? That's another thing I'm curious about, because if you have all these bills down the road—and we're talking about years of recovery—are deferrals actually going to be enough or are you going to need actual forgiveness of some of these?

Mr. Colin Morrison: I don't want to be in a situation where I'm coming to government looking for money; I'm looking for opportunity. I feel that the municipalities are getting a bit of the short end of the stick. From my knowledge, the Ontario Municipal Act prohibits municipalities from running a deficit, so they've got to balance the books. I understand that. They've got to provide a vast array of services to their constituents. I get all that.

But, in my case, I pay roughly \$30,000 a month in property taxes for my small hotel. I don't take in an awful lot more than that in revenue right now. While I'm deferring—actually, I'm not even deferring because I'm on a monthly payment plan, so I can't even take advantage of deferrals. But a deferral allows me a little bit of latitude.

If there was an ability to waive some of those taxes or to provide some assistance, that would be wonderful, but I understand that municipalities have to operate as well. Having city hall right next door to me, I appreciate their existence. But it's challenging. It really is challenging. One of the other hotels in the city just had to pay a \$1.2-million tax bill as an installment. That decimated their cash flow because, frankly, there is no cash flow, and that's the challenge.

The Chair (Mr. Amarjot Sandhu): Further questions?

Mr. Ian Arthur: James, a similar question about municipal property taxes, the forms of deferral and what that would do to you moving forward.

Mr. Jim Corcoran: Certainly there are some bills coming up that I'm trying not to think about, given that our cash flow came to a halt for three months. Our cash flow is back. New loans are in place. It took the banks about three months to get the loans in place, so that was [*inaudible*]. A lot of services that we're being taxed on weren't provided, but the costs continue for the municipalities, for example, the education levy. Those services aren't being provided. We're suffering because our employees have no daycare available yet.

I feel for the municipalities because they're going to need the money to continue to provide their services, but I feel like I'm subsidizing a lot of what happens in my municipality with very high municipal taxes—and yes,

quite a valid point: Those bills are going to come due, and that's going to be a big hit in and around September.

Mr. Ian Arthur: Carole Anne, I'm not sure what property taxes look like for festivals, but—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Ian Arthur: Can the room unmute Carole Anne, please?

Ms. Carole Anne Piccinin: Thanks. Many festivals are not property owners, or they're renters, so tax incentives are not really top-of-the-list for most festivals.

Mr. Ian Arthur: Okay. Actually, let's keep going on that. If tax incentives or tax deferrals aren't enough to keep these festivals going, then Colin didn't want to come and ask for dollars—which is very respectful, Colin. But for festivals, that's more what you're talking about? We kind of touched on that federal program. What would you like to see from the province? What would you like to see them step up and do? What kinds of resources would you like them to provide to you in order to get this kick-started? You mentioned a marketing campaign of some sort.

Ms. Carole Anne Piccinin: It is shifting the parameters around festival funding, because festivals, through many of the programs, are funded based on their ability to draw new tourists. That's very challenging, certainly over the next year to two to three years. I agree with my colleagues when they say that the worst is yet to come. I think that to support the infrastructure of these festivals, their staff, their organizations, that funding needs to shift, at least in the short term, so that it can provide core operating dollars to keep them alive, to keep them afloat—because many of them will fold without it. Many of them will fold without that lifeline.

Keep in mind that a very small percentage of our actual festivals receive government funding. In Ottawa, it has only been 32; we have 300 events that happen on an annual basis. So keeping that infrastructure in place—

The Chair (Mr. Amarjot Sandhu): Thirty seconds.

Ms. Carole Anne Piccinin: —is critical.

Mr. Ian Arthur: Just out of curiosity, do you have numbers on the economic activity that these festivals are bringing in? Those were some pretty high numbers—300 events, 32 festivals that are receiving—

Ms. Carole Anne Piccinin: For sure. I'm happy to send you this document. This is our impact study from 2019. This is the only impact study existing in Canada right now. We are leaders in this area of research.

I'm happy to forward that to the committee.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to the independent members now. MPP Hunter?

Ms. Mitzie Hunter: Carole Anne, I look forward to receiving your impact study.

I have two questions for you. I wanted you to continue speaking around the value of a student-defined response with education. There seems to be great opportunity for teaching and learning, as well as how it meets the local criteria—also, frankly, for building skill sets concerned around the younger population not getting employment and volunteerism jobs right now during the COVID

recovery. That will delay their ability to enter the labour market later on. How do you see creating a unique program with the education sector helping?

Ms. Carole Anne Piccinin: Thank you for your question. As I said, with festival staff, the teams are very small and they wear many, many hats. Some of them don't have that level of expertise, so bringing that expertise directly to them throughout a yearly basis, either to do the work or to train others to do the work, will be key.

1050

Ottawa Festivals has a partnership with the province of Ontario through the Ontario Job Creation Partnerships program. It has been a tremendously effective way to launch people into organizations, and the purpose of this program is to create full-time work. They launch into the festival industry, they learn, they share and then we help them find full-time work. That has been an excellent model, supporting festivals and training individuals.

We could work directly with a number of post-secondary education institutions which we have partnerships with, but we need funding to support that. We need the networks to be clarified, and the skill needs matched to the participants. Fostering that kind of relationship would be really important.

Ms. Mitzie Hunter: That's great. I know that in my riding we have Centennial College, which has a hospitality and event-catering program, and I could definitely see something more defined, especially because we have to go very, very local right now.

I also wondered if you would expand—I think you were cut off when you were speaking around cultural festivals in general and their uniqueness. Many of these are tied to specific groups, largely volunteer-driven, adding a rich environment really to our communities. What resources do they need? Because you already identified that some of the responses tend to be marquee events, established partnerships with government, and that doesn't seem to fit the criteria of cultural festivals. I'm just wondering if you could give a voice to that cultural festival sector and what we should be thinking about as a committee as we're thinking about how to do this.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. Carole Anne Piccinin: Thank you. As a volunteer base, it's just that much harder. They don't have a dedicated staff person. Again, this job creation partnerships program could be an excellent way to help our cultural festivals. I think the other thing that will help is partnerships with BIA organizations, enabling festivals to be integrated into a main street, for example, or helping to defer some of those permitting fees which are typically at the provincial level, looking at the fee structure, trying to determine where investments can be made to help support the delivery of festivals.

Also, PPE is going to be a very major expense for these cultural festivals that provide a lot of food service. Could the province enable municipalities to invest in those kinds of sanitization tools, PPE, handwashing stations? That would be a major help to those festivals that are trying to

absolutely help. That's the way that they showcase their culture.

Ms. Mitzie Hunter: Okay. I really appreciate that.

We don't have a lot of time remaining, but I did hear that patios are open, communities are open, but people are not coming, and I'm wondering, James: Can you talk a little bit about that, like what it's going to take for people to be open? I am on your list, so I know that your staff is calling and reaching out, and I just thank you for what drives your work in terms of the preservation of confidence—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Mitzie Hunter: —but we have to think and work creatively and differently to survive this pandemic. Can you talk about what will bring people back, what will boost the confidence?

Mr. Jim Corcoran: Well, Ontario isn't a patio climate, so a lot of patios in Cobourg are small, and they're far and few between, and a lot of them are in parking lots. It's just not an attractive place to go and eat. There are people there, but they're not having the kind of experience that the restaurants built their reputations on, so I think the sooner we can open indoor dining in Ontario, the better.

Ms. Mitzie Hunter: Okay. And doing it safely, of course.

Mr. Jim Corcoran: Of course.

Ms. Mitzie Hunter: Okay. We have a few more seconds. Colin, did you want to speak to that as well?

The Chair (Mr. Amarjot Sandhu): Thank you. The time has come up now. We'll move to the government side for their second round, and I'll go to MPP Crawford.

Mr. Stephen Crawford: Thank you, Chair, and thank you to all the presenters. My questions are for Mr. Corcoran. I've not been to your spa but I've heard a lot about it. I look forward to going there at some point in the near future.

My first question relates to a point you brought up about labour. You may be aware that pre-COVID—which seems like a million years ago but it was only three, four months ago—the Ontario economy was on fire. We had the lowest unemployment in decades. Our government had created over 300,000 jobs since June 2018.

You've mentioned that one of the obstacles was the high labour costs right now. I just wondered if you could give us a little bit more colour on that, what you're referring to. Is it a shortage of labour, or what is that exactly?

Mr. Jim Corcoran: I would say the first problem is a shortage of skilled labour. This year, for the first time, we brought in foreign workers to supplement our spa staff. That in itself was about a two-year process, but we succeeded in bringing two people in. They're in quarantine right now but we're looking forward to having them join us.

The Liberals didn't do us any favours by the legislation they enacted—and thank you for rolling it back—on the minimum wage. We always tried to be a fair employer anyway, but having the government step in was a level of interference that really wasn't helpful.

Premium pay for businesses in our sector on staff holidays just makes no sense at all. We're being penalized to stay open to provide a service to the public who are being incentivized to visit our properties and we get, in our particular case, double-time and in some cases double-time-and-a-half wages to pay on those days. We'd be better off not staying open. Some of our competitors in the Asian market, for instance, are really able to provide the world-class spa experiences that they provide because labour is just dirt-cheap. So, similarly, we've got to find more skilled labour at a lower cost if we want to compete on a global basis.

Mr. Stephen Crawford: We've certainly put some requests in with the federal government to have Ontario have more access to skilled immigrants. That's one of our objectives, because we know there's a lot of unfulfilled positions and the economy will come back post-COVID as well. Thank you for your comments.

Another thing you touched on was regulation and red tape. That's been another objective of our government, to eliminate pieces of red tape and regulation that are unnecessary and that don't compromise health and safety, obviously.

Do you have any examples that we can report back to our associate minister of red tape reduction and the finance minister in terms of where there are some unnecessary burdens on your business?

Mr. Jim Corcoran: The one that comes to mind right off the top of my head is the regulation on pools and hot tubs. There have been so many advances in terms of—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Jim Corcoran: —non-chlorine-based sanitization of pool water, and the health units are going backward in terms of the number of times that you have to monitor and the methods that you use to monitor. All of this can be controlled by a machine now, yet they keep pushing back to have human intervention in that area. Getting up-to-date with technology would be really helpful in those areas.

On the labour side it's just overwhelming, from workers' comp to the Ministry of Labour and the number of requirements that we have to meet. There's definitely some room to take a look there.

Mr. Stephen Crawford: In the final moment, you did touch on the fact that your business is open now. Could you expand a bit more on what sort of activity you're seeing? I know you said you had an increase year over year right now, but this may be a canary in the coal mine. I'm hoping it's good news that we can share across the province and you're a leading indicator, being opened up.

Could you touch on where you see things going in the next few months and what you're seeing in terms of bookings?

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Mr. Jim Corcoran: Our bookings are up by 64%. Over the same period last year, our call volume is up by 35%. I initially thought it was just a pent-up demand, but it seems to be particular to our sector. The people are so frustrated, so tired, so stressed out, they need to get out to have the kind of guided experience that we can provide to them. It's

different than going to a hotel or going to an attraction. We're actually physically changing the outcome for them while they're here with the provision of massage, good food, fitness, yoga—all those kinds of things. People are stressed out.

Mr. Stephen Crawford: How are you serving food now?

Mr. Jim Corcoran: We have a patio. We offer in-room dining and takeout, but the vast majority of our guests want to be served at a table on the patio.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Stephen Crawford: Okay. Is your hotel fully open right now? I know there are some social distancing guidelines. Are all your rooms occupied?

Mr. Jim Corcoran: All our rooms are occupied other than the couple that we have out of service for renovation. Our occupancy is limited right now because of staff who won't come back to work in the spa.

Mr. Stephen Crawford: Is the reason they won't come back a fear of COVID, or is it because of—I know there have been some concerns about the federal government program paying people and it has been a disincentive to come back to work.

Mr. Jim Corcoran: I think fear of COVID, the lack of context in terms of the reporting of COVID and CERB addiction are the factors that are affecting us.

Mr. Stephen Crawford: Okay. Thanks for your time. I know you've got a great MPP there, MPP Piccini, working on your behalf here for our caucus. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. That concludes our time as well.

Thank you to all three presenters for your time and for your presentations. Thank you so much.

MANITOULIN RADIO
COMMUNICATION INC.,
MANITOULIN COUNTRY FEST,
ROCKIN' THE ROCK

SHERATON CENTRE TORONTO

The Chair (Mr. Amarjot Sandhu): Moving along to our next presenter, Manitoulin Radio, Manitoulin Country Fest, Rockin' the Rock. If you could please state your name for the record, and you will have seven minutes for your presentation.

Ms. Timmermans?

Ms. KT Timmermans: Sorry. I just needed to unmute.

Good morning, everybody. My name is KT Timmermans. I am the president of Manitoulin Radio Communication in Little Current, located on Manitoulin Island. I'm also the lead behind Manitoulin Country Fest and Rockin' the Rock.

We have two radio stations. Our Hits station has been in business for 19 years, and the other, our country station, launched in 2016. The country festival would have celebrated its 14th year this year, and our rock festival its

third annual this year, in August. Obviously, both have been postponed.

Our country festival brings in excess of 8,000 people daily into our community of 1,500 people over three days, and the rock festival brings close to 3,000 people daily over two days. The financial impact, as determined by the TREIM model, for both of these events is close to \$4 million to our local economy. The loss of these two events clearly will have devastating effects on our local business.

We employ eight people on our day-to-day operations for the radio stations and support for the festivals. We're very fortunate to have in excess of 120 volunteers from across Manitoulin and beyond our island who give up their time to volunteer for both of our events.

We offer local and seasonal residents up-to-date information, including roads, ever-changing weather and up-to-date rain forecasts. Pre-COVID, we were live to air 12 hours per day—something very unique in the current platform of radio business and something we're really proud of.

Manitoulin Island has a tourism-based economy that typically survives off of a very short season, so it's 10 to 12 weeks annually, and 2016 statistics show that the individual average annual income for someone on Manitoulin is in excess of 30% less than the provincial average.

Much of our seasonal-based tourism comes from US cottagers. With the closure of the Canada-US border until July 21, there is a very real possibility that much of that portion of our summer population will not be arriving at their camps this year.

As well, the marine portion of our business has been crushed. We were expecting over 28 cruise ships into the docks in Little Current this summer. This is a business that has been fostered over the last several years and has been ramping up annually. All of these factors will ravage a short season and could, in fact, prove quite devastating.

At least 75% of our radio business comes from local business, and additionally, close to \$90,000 worth of local sponsorship for both of our festivals will not be realized this year.

Now, with the devastation of COVID-19 to local business and concern for health and safety for 2021, there are serious concerns about the welfare of many long-standing businesses in this community. For us personally, we were able to pivot, with our staff broadcasting from home since March 13. This has certainly impacted our business as we pride ourselves as being local and current. Although still relevant to the day, our staff are not physically in the office and operating live to air in the traditional format. We have had to drastically reduce our advertising rates to accommodate local businesses who are open under the current COVID guidelines. Fortunately, we have always operated rather lean and mean, so our transition hasn't been too bad.

Many of our local businesses have not been so lucky to transition into this new normal. Local business consists primarily as mom-and-pop shops, including retail, restaurants, seasonal trailer and campgrounds, which have all

been dramatically impacted. Many still have their doors closed, and it's looking like they might not open at all. Should they be open with restricted conditions, their costs are unexpectedly more with sanitizing and upgrades for safety. There are more demands on owners as they have fewer staff to deliver the day-to-day services and also manage the sanitizing and the necessity for maintaining social distancing etc.

For hundreds of young people who have not been able to secure their annual summer jobs, many rely on those funds for college or university. Unfortunately for those students, they physically have to leave the island in order to be able to go to college or university, so their costs are already exponentially more.

Doing business in the north, in sometimes remote areas, just seems to cost us more on the whole. Our shipping costs are more. Our fuel costs are more. Our hydro costs are astronomical. And we often have limited options for a qualified workforce.

I am genuinely fearful for our local business across Manitoulin and northern Ontario on the whole. As a business that relies on our local business in order to sustain ourselves, obviously the loss of business locally will be hugely dramatic for us. We are quite fearful for our business generally.

That is all for my presentation. I don't want to take up an abundance of your time. I know you are all very busy folks. I appreciate you taking the time to listen to me today. I know we're all struggling with this new normal, as we like to call it, and I appreciate the time. Thanks you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Our next presenter is the Sheraton Centre of Toronto. If you could please state your name for the record, and you can get right into your presentation.

Mr. Tim Reardon: Great. Thank you, Mr. Chair, and members of the committee. My name is Tim Reardon. I have the honour and pleasure of being the general manager here at the Sheraton Centre of Toronto hotel. I first want to take this opportunity to thank you for giving me this opportunity to speak to you about what the impact of COVID-19 has done on my hotel and the hotels in general. I do really acknowledge the work that you've done so far to help us see through what's proving to be a trying time.

As you've already heard from many of my colleagues, the hospitality industry, hotels in particular, were the earliest and hardest hit by the pandemic, and are sure to be one of the slowest to return. Three months ago, we literally saw our business evaporate overnight, and since then, there are no clear signs of when or how it's going to return.

I acknowledge this is a health crisis and the measures that we took and implemented were necessary for public safety and have really curtailed the curve of the spread, but I think now it's time for us to really consider the economic interests as well and start to look at a balanced approach to fully reopening hotels in Toronto.

Hotels were deemed as essential services, and since that time the Sheraton Centre of Toronto has stayed open, welcoming anyone who needed a place to stay: our front-line workers and many others who found themselves

travelling during a very difficult time. However, being open and not being able to fully operate our meeting space or other amenities has really put us in an interesting position. This has resulted in a mass layoff of our associates and put our hotel into financial hardship.

In my hotel alone, I laid off 96% of my associates, and the business level hit down to unprecedented levels as we've seen a loss of 95% of our top-line revenues. Some of the conversations I've had to have with my associates have been the most difficult ones, telling them that they've been laid off for no fault of their own, and that their return was uncertain. The federal government programs like CERB and CEWS have been a great help to our employees and we are absolutely grateful for them. However, it's clear that our associates will not be required to return for months or even, potentially, for years, as we don't see us returning to 2019 business levels until well into 2022.

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Because of this slow recovery, we need some provincial support to provide businesses and associates with support by increasing the number of weeks for temporary layoffs and reducing the severance liabilities to businesses. If nothing is changed, there will be dramatic impacts to our employees, who will lose their jobs, and the financial obligations to pay severances will put hotels in bad positions as we try to recover.

The support of our employees during this difficult time is also important. This means that we either train them to operate in our hotels as they slowly return with new safety protocols and ensure that they have the proper PPE or, alternatively, help them find employment in other fields. We would like to also work with the province on what these programs look like and what funding would be available for training our employees on these new standards and developing skills in new fields, where they might be able to find alternative employment.

Moving forward, it's now time for us to look at how we can safely fully operate in a new environment. Most importantly, we need to boost consumer confidence that it's once again safe to travel and meet in Toronto. We know that we must live with this virus until a vaccine is found, but our businesses cannot remain closed until that time. The safety of our associates and our guests has been and always will be our primary concern. The fact is that in addition to programs like our Safe Stay program that have been rolled out, the Sheraton Centre Toronto has worked on and implemented several safety protocols that go above and beyond what's required of us by the province.

As we look forward, one of the key components for us in the next phase is the ability to hold business events in our meeting space and our hotels. For us, this generates over 50% of our revenue and it provides employment for hundreds of our associates.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Tim Reardon: They're a major economic driver not only for our hotels, but for many other businesses in our city. Unfortunately, right now where we stand, we've seen most of our events and meetings cancelled for 2020.

As time goes by, those cancellations are creeping into 2021.

The fact is that, as hotels, we are able to facilitate meetings in a much different way. We have the ability to implement safety protocols, we can control movements in our hotels; we can control how meetings operate. The fact is that we can do this better than other sectors that have already been allowed to reopen. Right now, meeting planners are committing to the location for their events months and years in advance. If we cannot give them the reassurance that we are committed to holding their meetings, they will simply go elsewhere.

By nature, we are competing against cities in Canada, in the US and globally who have already moved to reopening and are aggressively pursuing these pieces of business and booking them in their cities. Today, when I talk to a customer, I can reassure them of all the safety precautions that I've taken to make sure that they have a safe meeting, but I cannot give them any reassurances that if they choose to book with me, they'll actually be able to facilitate that meeting in my hotel. This continues to make us less and less competitive, and it's going to have detrimental consequences well past the pandemic.

As we reopen meetings and events, we would look to work with the provincial government on what types of incentive programs we can offer our customers to make them want to book in Toronto and make us more competitive with other cities that are doing the same.

In addition to our meeting space, we need to be able to reopen other services in our hotel, like our food and beverage services and other amenities, while of course maintaining all the safety protocols that we've implemented. In order to promote ourselves—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Tim Reardon: —and attract the guests who have been told to stay home for months now and want to get out and travel, I need to be able to give them a reason and something to do when they travel to my hotel and to Toronto. With these services not available, it's difficult to do so. The longer we delay the opening of those services, the longer it will take us to get back on our feet.

My business is rooted in bringing people together for business or for leisure. Our guests count on us to provide them with a place to meet, share ideas and experiences, and above all to do this in a safe environment. Even under the current conditions, we are confident that we are able to do so.

Thank you. That's my presentation.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll start the questions with the independent members this time. MPP Hunter.

Ms. Mitzie Hunter: I want to thank both of the presenters for joining us today in this committee as we talk about how we work together to recover Ontario's tourism sector.

I want to just ask our presenter from the Sheraton Centre: Tim, what are you seeing internationally that is providing the level of confidence and assurance for other facilities that we need to bring here in Ontario to meet

those international standards, so that you can hold on to those bookings and attract new ones?

Mr. Tim Reardon: I think it simply comes down to the fact they are open. Pre-pandemic, we competed with these cities. There was the incentive piece that we also dealt with from other cities and other countries, that we had to provide something to our customers. But today, we know there's demand. We get phone calls from people wanting to meet, and they want to meet in Toronto and in my hotel. The problem is that I cannot give them any assurance that if they book for next week or next month or for the end of the year, I'll actually be able to do that in my meeting space.

Now, a lot of these meeting planners have delegates they have to book in. It takes them time to ramp up and to be able to do that, so if there is one question mark about whether or not they're going to be able to actually have the meeting, there are several other cities that are able to do it. So to answer your question, the basic fact that they're open and they can do it is pretty much the price of admission.

I think the upside for us is that when we do talk to them, we can go through all the safety protocols, from social distancing in our meeting space, to what set-ups look like, to how they get into a hotel and up to the guest rooms and down to their meeting space. It's just that simple ability to say, "Yes, we can have a meeting in our hotel."

Ms. Mitzie Hunter: What have you changed, Tim, in terms of the model? Because you do have many business bookings there that were pre-pandemic. What has changed in terms of your design and your use of space and protocols that you've adjusted?

Mr. Tim Reardon: From a client standpoint, from a guest standpoint, first and foremost, it's what our meeting rooms look like. My ballroom downstairs could fit, classroom-style, 1,700 guests on a normal day, pre-pandemic. We've gone through and done all of our social distancing, and now that number is 170, if everyone is sitting six feet apart from one another. So I think from a customer perspective, to be able to see, "This is what my meeting is going to look like," then they feel reassured with that.

Driving just from the entry of our hotel, from social distancing with checking in, they're trying to go more to a mobile platform, where someone could check in and use their phone as a key to get to their room. There's not that need to go to see someone at the front desk. That's what people want: People want to be able to socially distance and have control of how they get in and out of our hotel. Anything like in-room dining can also be done over mobile app, so I think the technology piece is one vital aspect of that, and then the meeting space itself and how it's set up.

Food and beverage delivery: Obviously, we've gone to more of the pre-packaged items, where people can have the assurance that someone else hasn't touched that piece of fruit or whatever—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Tim Reardon: —so those are a lot of operational things we're doing.

Ms. Mitzie Hunter: Great. And we've got to get that message out there. Thank you so much.

I want to shift to KT at Manitoulin radio. I really liked your presentation, because it was very clear that you have changed your business model and your operating model to one that's more virtual. You continue to be open, delivering a very valuable service during the pandemic crisis of COVID-19. But you're very worried about the chain reaction here, of being shut down in the environment on main streets and in the community for local businesses—who, at the end of the day, are your customers, right? I really get that, and I wondered what you're concerned about in terms of the medium to long term here.

What supports do you think governments can provide so that these environments and communities in the northern and other parts of the province, rural and all over, will survive and thrive?

Ms. KT Timmermans: Great point. The local business—the shuttered windows across our main street are very concerning, for sure.

Although the government, both provincially and federally, has rolled out a lot of great platforms for us as individuals and us as businesses, I'm not sure that the messaging is really clear. I think it's somewhat confusing for a lot of business, especially when you're a mom-and-pop store, because you are the payroll, you are the HST remitter and you're all those things, and now all of a sudden you're trying to figure out how to do a 75% wage subsidy. It's just very confusing, so I think if there was some facility by which we could source an educational piece to allow us to better inform ourselves as to what we can do, from a local business perspective—we're all “small business” here on Manitoulin. So we don't operate under the umbrella of a big corporate entity that can help guide us through a lot of those transitional pieces.

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The Chair (Mr. Amarjot Sandhu): One minute.

Ms. KT Timmermans: I think that may be a really big piece, just from an educational perspective.

Ms. Mitzie Hunter: Okay, so that's great. So some sort of one-stop shop for businesses, particularly small businesses, where you would get access to the information that you need to stay open—before you close.

Ms. KT Timmermans: Absolutely—or, at least, if you are making a transition, maybe bringing staff in slowly: What does that look like? How better can you do that on a financial scale that makes more fiscal sense for that business to be able to do it?

Ms. Mitzie Hunter: Do you have any comment on—either Tim or K.T—you're open, but no one is coming. What's going on there?

Ms. KT Timmermans: Tim, you can go ahead.

Mr. Tim Reardon: Sure. I can go back to, what is the value proposition to come? As we get food services open—Toronto is such an amazing city. It has so much to offer. I think once we can tell that story again, people are going to come. We know in the short term, it's going to be within—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. Your time has come up now. We'll move to the government side for their first round of questioning. I'll start with MPP Smith.

Mr. Dave Smith: Thank you, Chair. I appreciate that. My question is for Tim. We've had a couple of other presenters come in and talk about how we should be opening business first for the hotel and convention industry, because you can control things a little bit differently than just with regular consumers coming in.

The question I have on it, though, is right now, this past week, about 70% of the infections have been in Toronto or in the Peel area, not outside of the GTA. So if we were to open up on the business side for you, you can do the social distancing, you can make changes within the conference rooms, extra cleaning and so on for the hotel rooms, but how do you prevent the delegates who are coming from going out into the general population where there is that risk? What could you do to mitigate that type of risk?

Mr. Tim Reardon: It's a great question. We look at our hotel and know that we need to provide a safe environment. So you're absolutely correct. Whether it's cleaning procedures or—a lot of it is signage and awareness of how people can stand and walk through our hotel. I believe, in the meeting space, we have great control over that because we can assign where people sit and how people walk and where they go and all that stuff.

Outside the hotel—I would hope that there is an awareness now of what we have to do as individuals to make sure that we curtail the spread, whether it's wearing masks or social distancing. I can say, I sit here and I overlook Nathan Phillips Square, and I see people adhering to that. That would be my hope, that once they leave my doors, through the awareness they've gained through all of the signage and stuff that we've implemented, that that would carry on outside my doors.

Mr. Dave Smith: Thank you very much for that. I'm going to turn it over to my colleague MPP Skelly.

The Chair (Mr. Amarjot Sandhu): MPP Skelly. Can you—

Ms. Donna Skelly: Yes, I've just unmuted. Thank you, Mr. Chair. My question is to Ms. Timmermans from the radio station in Manitoulin. I began my career in broadcasting. I actually started at a community radio station in Quebec. Broadcasting is in my blood, so I'm very concerned about what COVID-19 will do to broadcasters, especially independent broadcasters such as yourself—I'm assuming that you are independent and not part of a large chain. Is that correct?

Ms. KT Timmermans: Yes.

Ms. Donna Skelly: And that's difficult. It's wonderful in many ways, because I think that you can probably provide more opportunities for local residents than most of the major chains that have satellite operations, because of their programming model. But I'm interested in your funding model. Do you have much national advertising?

Ms. KT Timmermans: We do get a fair amount of nationals. Manitoulin, obviously, is a very isolated and remote community, so our next urban centre is Espanola,

which is about 45 minutes away, and that's 6,000 people. Sudbury is our next closest urban centre, with about 180,000 people; it's about an hour and a half. So we do have access to nationals, for sure, and certainly through the course of COVID, there was a tremendous amount of influx of financial revenue—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. KT Timmermans: —based on government COVID messaging. So yes, we've been fortunate from that perspective. I've advocated quite strongly for that. But the local business is definitely 75% of our business.

Ms. Donna Skelly: Prior to COVID, were you— [*inaudible*] to you, but were independent radio stations viable? Was there a viable funding model, or were you finding pressure from a lot of the livestreaming, music streaming companies?

Ms. KT Timmermans: A great point, for sure— certainly the corporate entities as well, so the larger corporate broadcasters, have, I think, made a way. Obviously, with the advent of Radioplayer and TuneIn and all the various sources available, anybody can get any kind of radio or streamed music they want at hand. Luckily for us, we are local, so we do provide up-to-date weather, up-to-date road reports, up-to-date newscasts, sports—all those kinds of things that provide information for local listeners they really are seeking that they're not going to get from that mainstream streaming service.

Ms. Donna Skelly: Do you get any financial support from any form of any level of government?

Ms. KT Timmermans: We do in that I do a lot of student internships. We have a funding stream here with NOHFC, the Northern Ontario Heritage Fund, so typically every year, I get a student intern, but at the end of the day, that's a one-year program. So if I can't source the funding to be able to continue that, then you train them and you lose them. We like to consider ourselves a bit of farm team. I do lose a lot of my trained employees to bigger entities, because they can pay more money, right?

Ms. Donna Skelly: I was able to actually get a job at the Pembroke radio station, CHOV, one of those government programs where they supported part of my salary. I think it's a huge opportunity for people who are trying to enter the—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Donna Skelly: A minute?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Donna Skelly: I don't have a lot of time, but is there anything that you think we can do? I know that you were talking about encouraging small business etc. Small business is your bread and butter right now, but is there anything that we can do immediately to help you as you navigate COVID?

Ms. KT Timmermans: I appreciate that that's a really big question. My needs are just one of many, but I think the education piece is the biggest part from my perspective, for me and the businesses that I serve. A lot of the local businesses—again, they're just trying to get through and get their doors open, trying to get information about what it is they need to do, and never mind how they

can afford to stay open. That's the big piece. So I think an educational piece that's really a one-stop shop, that's in layman's terms that the average person can read and understand and get through quickly, would be the big thing.

Ms. Donna Skelly: Local news, live news and sports will keep broadcasters alive. I—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We'll go to the opposition side now, and I'll start with MPP Miller, Hamilton East–Stoney Creek.

Mr. Paul Miller: Good afternoon. I'd like to direct my question to Tim from the Sheraton. I've listened to a lot of presenters from the hospitality and tourism industry over the last few weeks, and it's clear there is a lot more that government can do in terms of direct supports, red tape removal and the promotion of domestic consumer spending.

One of the questions I've been asking is what types of promotions are being offered by the industry itself. In tourism-reliant countries like Italy, major airlines, hotel chains and local businesses are working together to offer travel incentives like “one of every three nights free” and lower airfares compared to other regions. These industries are often doing this together with government. Japan, for example, has committed \$15 billion to promote its domestic and eventually international tourism travel industries.

It's clear that the tourism industry, with government assistance, has to be more creative. But my question to the members of the hospitality and tourism industries is, what creative and innovative steps are being taken to encourage people to open their wallets again? People are always looking for a good deal, especially when many of them have lost income due to loss of work. So people are hurting too. The industries are going to have to become a little more creative. Do you agree?

Mr. Tim Reardon: Yes, a great question and good points. When you look at our business, there are two ways that we go at this: As your brand—whether it's Marriott or any other brand, we come up with our programs to try to get people to stay in our hotels, and then we work as a market as well.

What we've seen is it's two things. It's our leisure traveller and then it's our business events. The business events are a little bit of a bigger project. The immediate is the leisure. We know that that's coming, first and foremost, from within our province, and then eventually, when the borders open up and we can go across Canada, those are the people who are going to be travelling with us.

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I would say from a branding standpoint, we've done a good job of putting some promotions out there, whether, like you said, it's a discount on the number of nights that you stay or including breakfast and parking—all those things that people are looking for. We are working together with Tourism Toronto on what that looks like from a market standpoint. We're not there yet, but I know that it is a need to see how we have a further reach.

Once we start seeing things open up, I think the key point is that attracting people to our destination needs to be something that has value in it. When they come here, what do they do? If a lot of our F&B services aren't available, our attractions aren't open, a lot of the things that they would come here to do aren't available to them, it's kind of a hard sell. I think once we start seeing that progress, those packages will come out that will incent people to want to stay with us. Then, above that, it's what we're doing for the meeting planners, to attract them to come to our city.

Mr. Paul Miller: A short follow-up: With the COVID situation—and you're at level 1 in Toronto, one of the major areas that hasn't been relieved of that situation, but hopefully it's coming soon. Obviously it's going to be a longer recovery period for your industry, and obviously it's going to cost the government some money to keep you afloat, as well as the airlines and all the other things federally. Do you feel that things are moving quickly? Have you outreached to other organizations that are involved in tourism and travel, travel agencies and such, to assist you in a quicker recovery?

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Tim Reardon: I think the immediate thing was, how do we take care of our employees? That was the first and foremost thing that we needed to look at. So the federal programs were great.

I think moving forward, the asks of how we are funding the new safety protocols and our training for our associates, whether it's within hospitality or, unfortunately, if it has to be in another industry—we need to help them. I think there's a lot of opportunity there. Then it's, what could we do to make ourselves more attractive as a destination to our meeting planners, to our customers who bring big meetings here—what we know, and other areas there's funding going on with that to make that destination more attractive.

Mr. Paul Miller: Thank you.

The Chair (Mr. Amarjot Sandhu): Further questions? MPP Vanthof.

Mr. John Vanthof: Thank you both presenters. As with many of the presentations, you've laid out your individual issues and your individual problems and they're totally different, but the cause is the same.

I'd like to go first to KT and your description of your area. I'm from New Liskeard, and a lot of the same issues are happening here. We rely on our local radio stations, and the one thing—I think that local media has a better handle on what's going on in the community than many others.

One thing that really strikes me about Manitoulin is, when you say “mom and pop,” I don't know any place that has a better mom-and-pop community.

One thing that we struggle with here, and I think you mentioned it a couple of times, is when communication comes from the government, it's often not in layman's terms, and there's a degree of—and I know from my office—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. John Vanthof: —we're often having to translate and kind of guess at what's being said. You're one of the first persons—they have said that. Like, it needs to be in layman's terms, that [*inaudible*]—

Ms. KT Timmermans: Yes.

Mr. John Vanthof: —but I'll come back to it. If you could start on that, please.

Ms. KT Timmermans: Sure. It's not to say that the people here are not sophisticated. They're sophisticated people; they're educated people; they're smart people. It's a matter of time and efficiency. We have to be super-efficient with our time.

In fact, to speak to your point, they're just digging the ground for a Tim Hortons here in Little Current and the community is up in arms about it because, “Oh, my God, a chain is coming to Manitoulin. Like, the world is ending.” But I think the point is, if there is an opportunity for someone to go and say, “Okay, I have this many employees. This is what I need to do. These are the links. This is where you go. This is how you do it,” I think you'd see that there'd be a lot more engagement in the—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off.

We'll move to the government side for their second round now, and I'll start with MPP Piccini.

Mr. David Piccini: Thanks very much for unmuting me, Chair, and thank you to all the presenters. Greatly appreciated. As someone from rural Ontario, KT, I appreciate your sentiment. I think we certainly all understand and have the sophistication of understanding things. I think certainly how a government communicates the nuances to rural Ontario and northern and the GTA is a point well made.

My question for both you and Tim is as follows. Tim, you spoke a bit to the PPE and the training that's needed. I'm just trying to get a clear understanding and some recommendations from both of you as to delineating between what are the training and immediate measures you have to take now that in the foreseeable future, if a vaccine is developed and/or we return to some level of normalcy completely, will stay in place, and those measures that will then be discarded, looking at the long-term systemic measures that you'd like to take as an organization and those immediate measures that you need to take until we're over the COVID hurdle. Has there been a clear enough delineation for you both, and what are your recommendations to the government long-term?

Ms. KT Timmermans: Tim, go ahead.

Mr. Tim Reardon: Okay. To simply put it, the way we did business before the pandemic is not the way we're going to do business moving forward until a vaccine is created. If you look at just from an associate experience standpoint, everyone coming at one time is not going to happen anymore. It's going to be staggering of shifts to come in, temperature checks, you need to wear masks and gloves—all those pieces that before, we didn't have to do. We've always had a high standard of cleanliness in our hotel, but obviously when something like this happens, you need to look at other areas.

If you think about your guest rooms, items that people touch a lot, whether it's your coffee machine, or your ironing board or things like that—we are looking at removing those, so that it will be on request. The guest knows that it has been taken out of the room and they can have it delivered upon request.

From an associate-training perspective, it's understanding what COVID is and then making sure that when we go to the guest rooms, we're covering all the bases where potential spread could happen. So we have those things in place, and those things are the pieces that are above and beyond what would normally happen before COVID.

Mr. David Piccini: Thank you. Thanks, Tim.

KT, anything to add there?

Ms. KT Timmermans: For me, it's a little different in that what I've had to do is reduce our pricing in terms of our ad rates. I have reduced our ad rates by 60%. Obviously my revenue stream is dramatically affected, but in order for me to be able to engage local business and make it affordable for them to be able to get the word out, that's what I needed to do. They need my support, so that's a really big piece for us.

In terms of staff, I'm not sure when staff are going to be back in the building. We don't welcome the public in our building right now at all. Staff right now are working from home and for the foreseeable future will be, because we share microphones and we share keyboards. It's a control booth, right? I don't know that there's ever going to be a comfort level right now where that would change.

Mr. David Piccini: Okay. Briefly, before I turn it over to my colleague MPP Kusendova: Tim, if you could just comment on the importance of balance in terms of public policy. I know from measures the previous government took—I heard from small business, relative to minimum wage and certain labour provisions, that we all agree with the spirit, but the way this was introduced was with little to no foresight, with little to no planning out. Talk to me about the importance of balance now with respect to COVID and ensuring that we support your business and others as you ramp back up and get back to business. If you could provide some comment on the importance of having that balance.

Mr. Tim Reardon: Yes, I definitely think there absolutely needs to be a balance. What we're seeing with this is that a lot of the regulations that we've seen come from the province are good, but we've gone above and beyond those. If you look at just social distancing or just policy and procedure internally, we have gone to a different level on that. When you look at things like capacity of meetings rooms and of our F&B space, it's not so much a percentage as much as it is, "Here is what the room could fit," and a bunch of times, it's under that percentage, because it simply physically won't fit in those meeting rooms. I think a little bit more communication on that, to understand the reality of what happens in the hotel and how we would manage what protocols have to be put in place for associates and for customer safety, is important.

Mr. David Piccini: Thank you.

The Chair (Mr. Amarjot Sandhu): We'll move to MPP Kusendova for the next question. One minute.

Ms. Natalia Kusendova: I just have a very quick question for KT. I was listening about your challenges in terms of labour and training people, and then having them move on to bigger operations. I can certainly relate, because as a backbench MPP, I have lost some of my staff to ministries, but I take it as a point of pride if a ministry hires one of my staff. I think it's very important to provide those learning opportunities and work experience for our young people, and small businesses and independent operators such as yourself do play an important part in learning and providing the skills and those opportunities.

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How can the government better incentivize small businesses and independent operators to hire young people, and then how can we support you in actually retaining them in your operations?

Ms. KT Timmermans: Maybe there's an opportunity where you roll out—for example, the internship that I apply under is through the Northern Ontario Heritage Fund, and I'm very fortunate; they pay 90% of that intern's salary for one year. Maybe there's an opportunity to roll that out where it's a scaled-back program, maybe a three- or a five-year program where it starts at a percentage and rolls back, where it allows you to maintain that employee—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We'll have to move to the opposition side for their second round now. MPP Vanthof? Can you unmute yourself, please?

Mr. John Vanthof: Yes, I think I'm unmuted now.

The Chair (Mr. Amarjot Sandhu): Yes, you are.

Mr. John Vanthof: So going back to K.T: You spoke a lot about your business community, the business community of Manitoulin, and of rural Ontario, I think. What do you perceive they're going to need to survive until the next big tourist season for Manitoulin?

Ms. KT Timmermans: It boils down to resources, financial resources, for sure. Part of what's happening right now is that we're seeing an exodus from Toronto, because Toronto can't really go to Toronto, so Toronto is coming north. Fortunately, everybody has been really respectful about social distancing, but it has got our community up in arms. We need them, but we don't want them. That's kind of what's happening right now. It's a little bit scary.

But we're really driving "support local" right now, so that local people are supporting local, and I think that is going to maybe be the saving grace to get us through this season and maybe the forgoing seasons as we get through the future here. It's such an unknown. I think financial support is a big thing, education is a big thing, and then just driving the local mindset.

Mr. John Vanthof: One thing I'd like to pick up on in that: We're having the same thing in my community of Temagami. There is a societal split, a bit, about how we need tourism, we need people to come, but in places where

we haven't had much COVID, they're saying, "We don't want people to come." I think Manitoulin is probably one of the best examples of that. Do you foresee that being a longer-term issue, like that that split is going to hurt in the longer term?

Ms. KT Timmermans: Yes, for sure. I mean, we have division within Manitoulin, between our non-First Nation and First Nation communities, on its own, which is challenging. But the fact that the tourism sector is important to us—that's how we drive our local economy, but there is fear. There is genuine fear. We've had two cases on Manitoulin since the beginning of March, and those two people came from Australia on a cruise, so that's where there is genuine fear.

I think the education piece is really important, because then, I think, education always trumps fear. That's where we as media—it's really important that we're delivering proper education, but I think having the government, both provincially and federally, be able to stay on a cohesive message with media and use them in a way that makes sense, so that that delivering of the message is getting to the locals, is really important.

Mr. John Vanthof: I would agree with you. We gauge issues by what calls we get in the constituency office, and since COVID, that conflict has been a major driver in the calls both for and against: "Open sooner." "Stay closed." "Open sooner." "Stay closed."

Ms. KT Timmermans: Right. And the whole neighbour-versus-neighbour piece was a big thing back before the borders were being shut down, when snowbirds were coming home and weren't isolating, and neighbours were rattling out other neighbours. It was just a mess, and in communities of our size that can have really catastrophic long-term effects, so—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. KT Timmermans:—fortunately we got through that.

Mr. John Vanthof: I would just like to close with one thing, and you brought it up: the layman's term. It's not about us not understanding; it's about when they open campgrounds and then you have access to your trailer. Say, "You can stay in your trailer," instead of, "You have access," because that just opens up more questions.

Ms. KT Timmermans: Yes.

Mr. John Vanthof: Thank you very much for talking about rural Ontario the way you do.

Ms. KT Timmermans: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. Further questions? All right, so we'll move to the independent members now. MPP Blais?

Mr. Stephen Blais: Thank you, Mr. Chair, and thank you, Tim and KT for presenting this morning.

KT, I wanted to get a better understanding a little bit about the media landscape on Manitoulin. Where do you fit in? How many local Manitoulin-specific news agencies are there?

Interjection.

Mr. Stephen Blais: If someone could unmute her—

Ms. KT Timmermans: Yes. I'm good; sorry. There is a local newspaper that has been in place for about 140 years, and there are three radio signals on Manitoulin. We own two of the three.

Mr. Stephen Blais: So needless to say, losing you would be a pretty major impact to the community.

Ms. KT Timmermans: I would like to think it would be catastrophic, actually, because we also have the festivals, too, right? We are the ones who fund and drive those two festivals bringing 11,000 people a day into the community, so it's huge.

Mr. Stephen Blais: That is huge. You talked about advertising and the reduction of rates you've provided to local business. Obviously you need to support them, and that's wonderful. What kind of government advertising do you get? Do you get your share of public service announcements and typical, whether it's federal or provincial, government advertising?

Ms. KT Timmermans: We do certainly receive some, for sure. COVID has generated a considerable amount of revenue stream for us. We'd always like to see more. I think a lot of organizations figure that because we are a small community, we don't necessarily have the reach, but we're very fortunate in that we broadcast from the largest tower on Manitoulin, which we own. It's the biggest height on Manitoulin, so our broadcast range is actually Sault Ste. Marie to Parry Sound, all of Manitoulin and into the Bruce Peninsula, so we have a very large geographic range. I think once that sort of starts to become a little more well known to the various agencies that handle nationals, I think we'll see that. We certainly have seen an increase in our nationals over the years for sure.

Mr. Stephen Blais: Thank you very much.

Tim, you mentioned that there's a split between your leisure business and your commercial business-business, for lack of a better way of describing it. Do you expect business travel to come back before leisure, or is it vice versa?

Mr. Tim Reardon: Immediately, based on some of the restrictions and just the time of year we're at, leisure will be first, and we know that's driving traffic. It's within our province, people wanting to get out and experience Toronto. Unfortunately, we don't foresee the levels of 2019 until well into 2022. That's because a lot of the meeting business that's cancelled accounts for a lot of business in our hotel and in the city, and they bring thousands of delegates to our city. Having lost them for 2021 and not seeing them until 2022, it's going to take some time to get that ramped up.

In addition, if you think about the business travel of people coming cross-border from the US, we have a lot of mid-week travel from the US market. With the border not being open, we don't foresee that coming back, and we know our customers are just simply not travelling for obvious reasons. That component of the individual travel isn't expected to come back for some time.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Stephen Blais: Thank you. We've heard a number of presenters talk about various ways of incentivizing

Ontarians to travel internally within the province. Do you have any ideas on how that can be done?

Mr. Tim Reardon: What we know is from individual leisure travel customers. It's value, so what we as a hotel put in, whether it's breakfast or parking or making that something enticing for them to come and stay in our city. We also work with partners like our theatres and our restaurants, people that are around us who will appeal to different customers, depending on what their trip persona is when they come to our city. I think a lot of the attractions, a lot of the things that Toronto has to offer are key to that because that's why people come here. They want to experience the city.

Mr. Stephen Blais: Sure. How closely are you working with those attractions to create packages or ways to incentivize travel to Toronto once things open up?

Mr. Tim Reardon: I think in that respect we work really well with the attractions, whether it's Mirvish or what have you. I think where the real opportunity is is how we work with our bigger business-event meeting planners and how we work to incentivize those customers because, again, they are dealing with a much broader spectrum of markets that they're going after, whether it's in the US or globally. And like I said, a lot of those markets are incentivized, whether it's transportation or in their meeting space or whatever that is, and those incentives will sway someone on where they are going to book.

Mr. Stephen Blais: What's your typical split between leisure travel and business?

Mr. Tim Reardon: From a meetings-and-events standpoint, that's over 50% of my revenue, but overall, business to leisure it's about 65% to 35%.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Stephen Blais: Sorry, 65% leisure?

Mr. Tim Reardon: No, business.

Mr. Stephen Blais: So 65% business.

Mr. Tim Reardon: Yes.

Mr. Stephen Blais: And half based on the meetings.

Mr. Tim Reardon: Just the meetings, yes.

Mr. Stephen Blais: Wow. I don't have any other questions, Mr. Chair. I'm not sure if MPP Hunter does.

The Chair (Mr. Amarjot Sandhu): MPP Hunter, you have 30 seconds.

Ms. Mitzie Hunter: I just wanted KT to answer that question around what we can do to encourage more people to travel to Manitoulin. Go ahead.

Ms. KT Timmermans: Manitoulin is obviously a destination spot on its own, so we are very fortunate from that perspective. I think if we could continue to create provincial incentives, whether it be marketing through larger urban centres, encouraging people to come north, that would be a great opportunity.

Again, as long as the education piece is here for locals to know that it's going—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. That concludes our time. Thank you to both the presenters for your time and for your presentation.

That concludes our business for today as well. As a reminder, the deadline to send in a written submission will be 5 p.m. Eastern Daylight Time today.

The committee is now adjourned until 9 a.m. on June 25, when we'll meet to begin hearings on the culture and heritage sector of the study.

Thank you so much and have a good day.

The committee adjourned at 1153.

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